



The Bank of Khyber

→ EXPLORING PAKISTAN & BEYOND



Annual Report

2011

Year Ended Dec 31



As our Bank accomplished landmark achievements and success, we are indeed committed to let the benefits trickle down to our people – and to enable us to have greater strength to embrace the future challenges with more zeal and commitment. Serving our people is one of the most cherished goals of each and every member of the Bank of Khyber. It is with this spirit that we are expanding our network within the country, and aspire to go beyond!

We believe in exploring the potential of our own country, and to test our abilities by going to new destinations beyond Pakistan.

During the outgoing year, our journey of exploring Pakistan continued and our bank expanded its presence to 12 more locations. As a proud bank of Pakistan, emanating from Khyber Pakhtunkhwa, we take great pride by outreaching to more and more cities and towns of Pakistan. By the grace of Allah (SWT), the network of our branches has been expanded to 62 branches across the country and the journey continues. It is with bated breath that we await to open our branches abroad to serve Pakistani community, by ensuring speedy transfer of their remittances to the country – hence bolstering the foreign exchange reserves of the nation.

→ COVER **CONCEPT**



→ ABOUT PAKISTAN



GDP - GROWTH
(PERCENT)



FOREIGN TRADE
(US\$ IN BILLION)



FOREIGN EXCHANGE RESERVES
(US\$ IN BILLION)





→ WHAT'S **INSIDE**





→ CORPORATE REPORT

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→ MILESTONES **2011**





↑
AFTER TAX PROFIT
RS. **872**
MILLION
Up by 55 % over 2010

↑
ASSETS INCREASED TO
RS. **68**
BILLION
Up by 35 % over 2010

↑
INVESTMENTS
RS. **37**
BILLION
Up by 85 % over 2010

↑
ADVANCES INCREASED TO
RS. **25**
BILLION
Up by 19 % over 2010

↑
DEPOSITS
RS. **46**
BILLION
Up by 23 % over 2010



→ **NEW JOURNEY**





Rising from a challenging but most exciting and culturally rich part of the country, we are all set to move ahead with greater vigor and enthusiasm to expand, and to offer unique services to our customers, and to represent Khyber Pakhtunkhwa in every part of Pakistan.

As a mainstream Bank now, we have the unique distinction of offering the best of Islamic as well as Conventional banking at our entire network of branches. No doubt Khyber Pakhtunkhwa is our bastion but we have successfully outgrown to the other areas of the country like Federal Capital, Punjab, Sindh, Azad Kashmir and Baluchistan.

It is indeed a beginning of a new journey, as we do not confine ourselves only to Pakistan. Our Bank's immediate plan to be present throughout Pakistan and beyond as our immediate destinations include extending our network to Kabul and then Dubai where there is largest concentration of Pakhtun's. We aim to play a role in streamlining transfer of funds of the Pakistani Community through official means to bolster our national foreign reserves.



→ VISION & **MISSION**





→ OUR VISION

To become a Leading Bank providing efficient and dynamic services in both Islamic and Conventional banking through expanded nationwide network.

→ OUR MISSION

To increase shareholders' value and provide excellent service and innovative products to customers through effective corporate governance, friendly work environment and contributing towards an equitable socioeconomic growth.



→ OUR **VALUES**





→ OUR CORE VALUES

- Highest quality of service
- Professionalism
- Integrity
- Team work
- Innovation & utilization of latest technology
- Risk mitigation
- Corporate Social Responsibility

→ OUR OBJECTIVES

- Provide value added services through operational expansion, geography and upgraded systems
- Build and manage a diversified equity portfolio promising optimum returns
- Mobilize funds in a cost effective manner to meet the financing needs
- Achieve sustainable growth and be competitive in commercial operations
- Undertake Islamic & Conventional banking services and participation in financing syndicates
- Build a corporate culture of equality, trust and team spirit as we remain dedicated to be a socially responsible organization



→ COMPANY **INFORMATION**



→ **BOARD OF DIRECTORS**

Attaullah Khan
Chairman

Bilal Mustafa
Managing Director / CEO

Mir Javed Hashmat
Executive Director

Sahibzada Saeed Ahmad
Director

Muhammad Asif
Director

Muhammad Maqsood Khan
Director

Maqsood Ismail
Director

Amjad Pervez
Director

→ **AUDIT COMMITTEE**

Amjad Pervez
Chairman
Sahibzada Saeed Ahmad
Muhammad Asif
Muhammad Maqsood Khan

→ **CHIEF FINANCIAL OFFICER**

Rahat Gul
Tel: +92-91 526 0920
Fax: +92-91 528 7401

→ **COMPANY SECRETARY**

Zahid Sahibzada
Tel: +92-91 527 0982
Fax: +92-91 525 3977
E-mail: companysecretary@bok.com.pk

→ **REGISTERED OFFICE / HEAD OFFICE**

The Bank of Khyber, 24 - The Mall
Peshawar Cantt.
UAN# +92-91-111 95 95 95
Web: www.bok.com.pk

→ **AUDITORS**

M. Yousuf Adil Saleem & Co.
Chartered Accountants

→ **LEGAL ADVISORS**

Nisar Ahmed Khan
Advocate, Peshawar
M/s. Mohsin Tayebaly & Co., Karachi

→ **SHARE REGISTRATION OFFICE**

THK Associates (Pvt) Ltd
Ground Floor, State Life Building No. 3
Dr. Ziauddin Ahmed Road
Karachi – 75530, Pakistan.



→ PRODUCTS & **SERVICES**





→ DEPOSIT SCHEMES

- Khyber Freindly Munafa Scheme
- Current Benefit Account
- Be-Baha Mahana Amadani
- Regular Amdani Scheme
- Foriegn Currency Deposit



→ ADVANCES

Financing Options

- Corporate Financing
- Commercial Financing
- SME Financing
- Consumer Financing
- Micro Financing
- Agriculture Financing
- Project Financing

Products

- Cash Finance
- Running Finance
- Demand Finance
- Trade Finance
- Export Refinance
- House; Auto; Salary Loans
- Letter of Credit
- Letter of Guarantee



→ AGRICULTURE CREDIT SCHEMES

- Sada Bahar Zarai Loan Scheme
- Credit Guarantee Scheme
- Agriculture Refinance Loan Schem
- Livestock Loan Scheme
- Dairy Storage Loan Scheme
- Dairy Marketing Loan Scheme
- Tractor Loan Scheme
- Farm Machinery Loan Scheme
- Tube Well Loan Scheme



→ ISLAMIC BANKING

- Murabaha
- Musharaka
- Mudaraba
- Ijara
- Ijara wa Iqtana
- Istisna
- Deposit Schemes



→ ONLINE BANKING

The Bank of Khyber offers Online Banking Facility to its customers at branches all over Pakistan. Cash may be accepted at a branch for crediting accounts at another branch, Cheques can be paid by a branch by debiting the customer's account at another branch.



→ **Mr. Attaullah Khan**
Chairman

Mr. Attaullah Khan is a senior civil servant belonging to the District Management Group. Mr. Khan has vast experience of 32 years in management, administration and planning to his credit which includes various top hierarchy positions at provincial and federal governments level. He is a law graduate and has attended various national and international courses. He currently holds the office of Additional Chief Secretary of the Government of Khyber Pakhtunkhwa.

→ **Mr. Bilal Mustafa**
Managing Director / CEO

Mr. Bilal Mustafa is a career banker having over 38 years of professional banking experience. He joined Habib Bank Ltd. in 1968 as an officer and later on associated himself with Allied Bank (then Australasia Bank) in 1973. He rose to the position of SEVP (Group Chief) and retired in year 2007. He attended various national and international courses. Mr. Bilal Mustafa is currently holding the office of Managing Director / Chief Executive Officer of the Bank.



→ **BOARD PROFILE**



→ **Mir Javed Hashmat**
Executive Director

Mir Javed Hashmat is a Mechanical Engineer having 29 years of rich banking experience. He started his career with the Industrial Development Bank of Pakistan in 1974 and left the Bank in 1999 as Senior Vice President. Mr. Hashmat has attended number of national and international courses. Mr. Hashmat has also received certification in Project Evaluation, Implementation & Supervision from Manila, Philippines. He has been certified as Director by Pakistan Institute of Corporate Governance. He is currently working as Executive Director of the Bank.

→ **Sahibzada Saeed Ahmad**
Director

Sahibzada Saeed Ahmad has extensive experience of 36 years of public sector institutions ranging from Pakistan Navy to Civil Service and from District Administration to Education sector. He has done his masters in Business Administration with specialization in Project Management and Finance & Accounts. He is presently serving as Secretary Finance, Government of Khyber Pakhtunkhwa.



→ **Mr. Muhammad Asif**
Director

Mr. Muhammad Asif is a seasoned banker having 37 years of commercial banking experience. During the period, he has held different managerial positions the last was that of Executive Vice President/Provincial Chief in Habib Bank Ltd. and Soneri Bank Ltd. Mr. Asif is a commerce graduate from Karachi University and Fellow Associate of the Institute of Bankers in Pakistan. He has been certified as Director by Pakistan Institute of Corporate Governance.



→ **Mr. Muhammad Maqsood Khan**
Director

Mr. Muhammad Maqsood Khan is a qualified and experienced banker whose career span spread over 36 years. He started his career with United Bank Ltd. as an officer in 1961 and left the banking sector as Executive Vice President/Provincial Chief of Allied Bank in 1995. He then joined NATOVER Lease & Refinance Ltd. in 1997 and currently working in the capacity of Provincial Chief, Khyber Pakhtunkhwa. Mr. Maqsood has done his masters in Economics from Peshawar University and is an Associate Member of Institute of Bankers in Pakistan. He has been certified as Director by Pakistan Institute of Corporate Governance.



→ **Mr. Maqsood Ismail**
Director

Mr. Maqsood Ismail is a professional businessman of the Country having diversified experience from manufacturing to power generation and commodities business. He is on the boards of different companies and remained Chairman/Presidents of different business forums viz. Federation of Pakistan Chambers of Commerce & Industry, Export Processing Zones Authority, Pakistan Yarn Merchants Association. He also represented Pakistan as a businessman in official delegations to different countries. Mr. Ismail is a Bachelor of Science in Economics and Political Science from University of Delaware, United States of America.



→ **Mr. Amjad Pervez**
Director

Mr. Amjad Pervez possess 29 years of diversified experience with exposure to treasury, banking, accounts, budgeting, project implementation, money market, forex and investments. He joined the Bank of Khyber in 1992 as Deputy Director and ascended to the position of Senior Vice President. He left the Bank and joined a well known trading house as its Chief Executive. Currently, he is the Financial Advisor to the Government of Khyber Pakhtunkhwa Pension & Provident Funds and also rendering consultant services to a foreign bank. Keeping in view his banking expertise and professionalism, Mr. Pervez has been appointed Chairman of Audit Committee of the Board of the Bank.





→ A JOURNEY OF EXCELLENCE

As we celebrate the momentous moment of our history of completing 20 years in banking, with the blessings of God, we are now rising as a pulsating bank touching newer heights of success. At these moments of thankfulness & gratitude, our team resolves to serve our stakeholders with renewed vigor and greater commitment.

Our Bank is offering new products and services in tune with latest trends and needs. Setting for ourselves ambitious goals, we are acquiring state-of-the-art

technologies to remain ahead in times. All of this is aimed to make our Bank a proud bank of Pakistan that serves with excellence in each and every sphere.

Today we are expanding our network at a breathtaking pace by outreaching differing cities of the country. The sole objective of our endeavors is to offer the best. During our recent history, we ensured to give a new identity to our bank – by rising from a bank of Khyber Pakhtunkhwa to a Bank-of-Pakistan. At these times of cut-throat

competition and with the presence of global players in Pakistan's banking industry, it goes to the credit of each and every member associated with our bank for making it whatever it stands for today. We look forward to the good wishes and blessings of our patrons to continue our journey of rise with same enthusiasm and dedication – to serve you all better !



→ MD/CEO **MESSAGE**



PASSION FOR GROWTH:

The phrase has served as beacon for me and my team to work with more zeal and show professional acumen which has enabled us to change the image of the Bank of Khyber from mediocrity to a progress oriented institution. The Bank has been able to show outstanding performance during the year 2011 which makes us humble with gratitude to bow before Almighty Allah for his blessings in the days to come.

Notwithstanding the challenging economic situation of the country, the Bank of Khyber continued focus on strategy of steady growth while pursuing efficient assets and liability management which resulted in sound financial results with sustainable profitability. Currently, BoK is enjoying greater outreach with an expanded branch network of 62 branches whereas for the year 2012, the State Bank of Pakistan while considering growth of the Bank has approved opening of 16 new branches in the country.

The credit for the historic performance owes mainly to our team, from bottom upwards, for making their input with dedication and commitment. We are also great full to our customers/ account holders for posing trust & confidence in our Bank's abilities to serve them. We are also indebted to our patrons – the Government of Khyber Pakhtunkhwa for their continued support and patronage.

Further, with the right combination of insight, foresight and hindsight, we were able to focus on a variety of strategic and leadership goals to help bring our vision to life in ways that add more prospects to the business and hopeful to have more success in the years to come.



→ **NEW DESTINATIONS**



→ ABBOTTABAD



Abbottabad has been attracting tourists since the colonial era, as it is a main transit point to all major tourist regions of Pakistan such as Nathiagali, Ayubia and Naran. The city is bounded at all four sides by the Sarban hills, from which residents and tourists can see breathtaking views of the region and city.

→ CHINIOT



The important products of Chiniot includes silk, cotton, wheat, sugar, rice, milk, pottery, and wooden-furniture etc. Chiniot is the name of leading industrial areas of Pakistan after Lahore and Faisalabad. It contains many of rice and flour mills. It has a Pakistan leading sugar industry.

→ SAHIWAL



The city of Sahiwal is not only known for the best agriculture particularly for growing cotton, grain, potato, wheat and rice exported all over Pakistan and around the world but its livestock is also very famous. The Sahiwal District is also recognized for Water Buffalo all over the world.

→ SARGODHA



Kinnows (mandarin oranges) are a specialty fruit produced in high amounts in the city. Sargodha is largely an agricultural and industrial city. The vast fields in the city have allowed the farmers to develop a range of crops and animal breeding programs. Some of the main crops include citrus, wheat, rice, and sugar cane.

→ KARACHI



Karachi is the financial and business hub of Pakistan. In line with its status as a major port and the country's largest metropolis, it accounts for a lion's share of Pakistan's revenue.

→ JHELUM



The city of Jhelum is on the right bank of the Jhelum River; in the district of the same name in the north of Punjab province, Pakistan. Jhelum is known for providing a large number of soldiers to the Pakistan Armed Forces due to which it is also known as city of soldiers or land of martyrs and warriors.

→ HYDERABAD



Hyderabad is an important commercial centre and famous for its industries like textiles, sugar, cement, manufacturing of mirror, soap, ice, paper, pottery, plastics, tanneries, hosiery mills and film.

→ PESHAWAR



Peshawar is the capital of Khyber-Pakhtunkhwa, the administrative center and central economic hub for the Federally Administered Tribal Areas. Peshawar has evolved into one of Pakistan's most ethnically, linguistically and religiously diverse cities.

→ DERA ISMAIL KHAN



D. I. Khan is situated on the west bank of the Indus River. One of the most famous products of this district is the "Dhakki dates", which is exported to the Middle East, United States and Europe.

→ LAKKI MARWAT



Lakki Marwat or Lakki is the headquarter of Lakki Marwat District in Khyber-Pakhtunkhwa.

→ THALL



Thall or Thal is a city of Hangu District and is administratively subdivided into two Union Councils. A major Bazaar or market of this region is located here which is the hub for traders from Kurram Agency, Afghanistan and adjoining areas.

→ SWARI BUNER

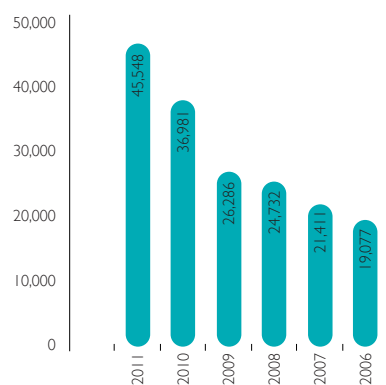


Swari is a tehsil of Buner District. It is a small mountain valley surrounded by high and green mountains.

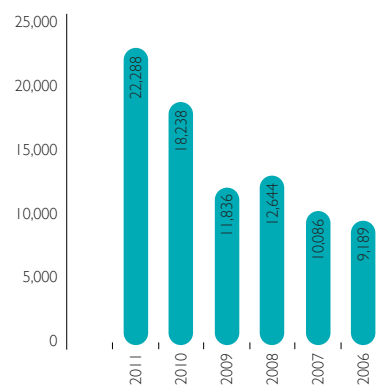
→ 6 YEARS FINANCIAL HIGHLIGHTS

		(Rs. in Million)				
	2011	2010	2009	2008	2007	2006
DEPOSIT	45,548	36,981	26,286	24,732	21,411	19,077
ADVANCES (NET)	22,288	18,238	11,836	12,644	10,086	9,189
INVESTMENTS	36,685	19,853	17,926	8,985	8,903	8,565
TOTAL ASSETS	68,424	50,794	38,811	31,339	29,712	27,183
CAPITAL AND RESERVES	9,700	5,604	5,041	5,678	5,540	2,796
PROFIT/(LOSS) BEFORE TAX	1,285	713	(799)	206	77	203
PROFIT/(LOSS) AFTER TAX	872	563	(637)	137	213	203
RETURN ON EQUITY	9.0%	10.0%	-12.0%	2.4%	5.1%	8.4%

DEPOSITS



ADVANCES (NET)



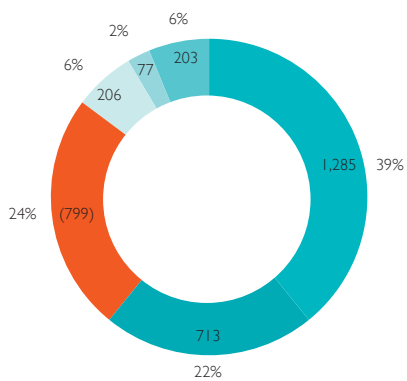
INVESTMENTS



TOTAL ASSETS

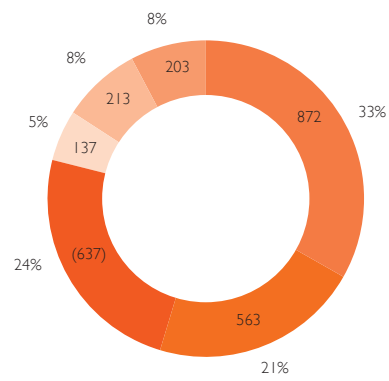


PROFIT/(LOSS) BEFORE TAX



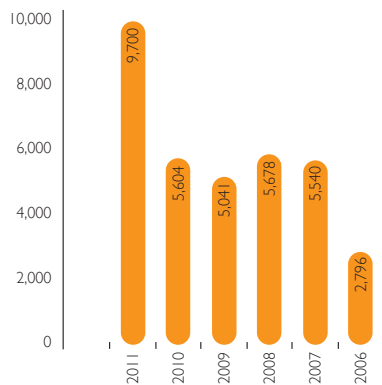
● 2011 ● 2010 ● 2009 ● 2008 ● 2007 ● 2006

PROFIT/(LOSS) AFTER TAX

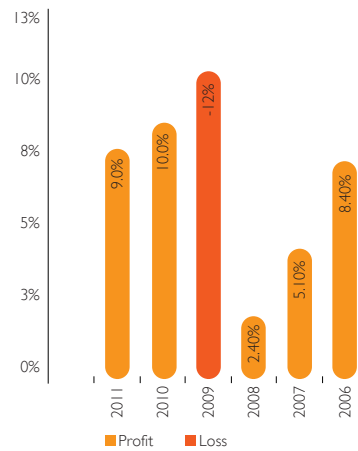


● 2011 ● 2010 ● 2009 ● 2008 ● 2007 ● 2006

CAPITAL AND RESERVES



RETURN ON EQUITY



■ Profit ■ Loss

→ NOTICE OF 21st ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty First Annual General Meeting of the Shareholders of The Bank of Khyber will be held on Friday, March 30, 2012 at 10:00 a.m. at Head Office, 24 – The Mall, Peshawar Cantt. to transact the following business:

→ Ordinary Business

1. To confirm the minutes of the Twentieth Annual General Meeting held on March 29, 2011.
2. To receive, consider and adopt the Audited Accounts of the Bank for the year ended December 31, 2011, together with the Directors' and Auditors' Reports thereon.
3. To appoint auditors for the year ending December 31, 2012 and fix their remuneration. M/s. M. Yousuf Adil Saleem & Co., Chartered Accountants, being eligible, offer themselves for re-appointment.

→ Other Business

1. Any other business with the permission of the Chair.

By Order of the Board

Zahid Sahibzada
Company Secretary

Peshawar: March 07, 2012

→ Notes:

- (i) Share Transfer Books of the Bank will remain closed from Friday, March 23, 2012 to Friday, March 30, 2012 (both days inclusive)
- (ii) All members are entitled to attend and vote at the meeting.
- (iii) A member entitled to attend and vote at the Meeting, is entitled to appoint another member as a proxy to attend, speak and vote for him/her.
- (iv) An instrument of proxy applicable for the meeting is being provided with the notice sent to members. Further copies of the instrument of proxy, if required, may be obtained from the Registered Office of the Bank during normal office hours.



- (v) An instrument of proxy and a Power of Attorney or other authority (if any) under which it is signed, or notarized copy of such Power of Attorney must be valid and deposited at the Registered Office of the Bank not less than 48 hours before the time of the meeting.
- (vi) In case of Proxy for an individual beneficial owner of CDC, attested copies of beneficial owner's NIC or passport, Account and Participant's I.D. numbers must be deposited along with the Form of Proxy. In case of Proxy for corporate members, he/she should bring the usual documents required for such purpose.
- (vii) Shareholders are requested to notify immediately for any change in their addresses.
- (viii) Form of Proxy, if required, should be signed on Rs.5/- Revenue Stamp.





→ DIRECTORS' REPORT





→ DIRECTORS' REPORT

On behalf of the Board of Directors, I am pleased to present the 21st Annual Report of the Bank of Khyber along with audited financial statements and auditors' report for the year ended December 31, 2011.

As the Bank of Khyber celebrated twenty years of successful operations as a full-fledged commercial bank, we would like to acknowledge the management's vision, commendable team efforts and the proactive support of our valued customers that has helped us to reach this milestone.

→ Financial Highlights

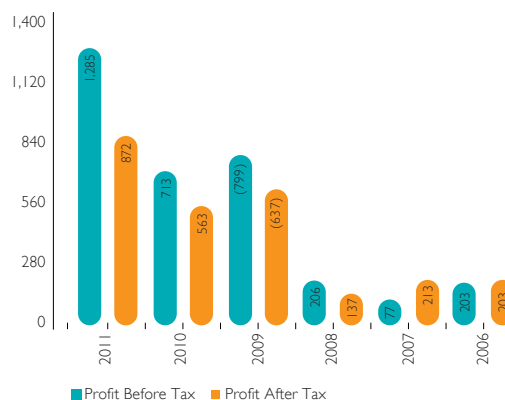
The operating results and appropriations, as recommended by the Board, are placed as under:

Rs. in millions	
Operating Profit	1,618
Provision against non-performing advances, investments & others	333
Profit before taxation	1,285
Taxation	413
Profit after tax	872
Total Assets	68,424
Advances (Gross)	25,285
Investments	36,685
Deposits	45,548

DEPOSITS & INVESTMENTS



PROFIT/(LOSS) BEFORE & AFTER TAX



→ Economic Overview

By most accounts 2011 was yet another difficult year for Pakistan's economy. Stalled reforms, energy shortages, floods, political uncertainty and a dramatic rise in geopolitical tensions all but overshadowed the few bright spots on the landscape, such as record exports. The domestic economy also affected by fragile global economic conditions which slowed down further due to deep-seated euro zone sovereign debt crisis, fragile financial conditions, and intractable fiscal issues running through other developed economies such as the USA and England.

Pakistan's economy remained confronted with major challenges that impact the overall growth and stability prospects and therefore, suffered and recorded low GDP growth of 2.4% for the fiscal year ended June 30, 2011. However, it is expected that a modest improvement in GDP growth will be made on the back of strong agricultural output to be achieved due to higher crop yields mainly attributed to post floods fertility. Worker remittances have also increased from US\$ 10 billion in 2010 to US\$ 11.2 billion in the current year while the total foreign exchange reserves stood at US\$

17 billion on December 31, 2011.

At the same time, inflation, a consistent worry for the government, has not only been kept under check, but has reduced from a high of 15.5% in December 2010 to a level of 9.75% in December 2011. Accordingly, the State Bank of Pakistan (SBP) adopted a monetary easing stance, reducing the policy rate twice during the year by a total of 200 basis points taking the discount rate to 12% from 14%. It is expected that the SBP will maintain this monetary stance which will stimulate economic activities.

→ Performance Review

Notwithstanding the difficult economic situation of the country, the Bank of Khyber continued to focus on strategy of steady growth while pursuing efficient assets and liability management; resulting in sound financial results with sustainable profitability. Key financial

indicators of the Bank showed commendable growth especially record breaking results of profit of 2011 which was almost equal to profit of other progressive financial institutions of the country. The markup based income grew by 65% from Rs.4,207 million in 2010

to Rs.6,947 million for the year 2011. The profit after tax stood at Rs.872 million against Rs.563 million of the previous year giving an increase of 55%.

The Bank ended the year 2011 with widened asset base, improved



equity and profitability, stronger capital base and sustained returns. The total asset base of the Bank grew up to Rs. 68,424 million from Rs.50,794 million registering growth of 35% whereas the shareholders' equity showed an increase of 10% over 2010 and stood at Rs.9,700 million.

On the liability side, the deposit base of the Bank witnessed consistent growth throughout the financial year 2011 and was reported at Rs.45,548 million showing healthy increase of 23% over the year 2010. The advances of the Bank also showed increase of 19% and stood at Rs.25,285 million from Rs.21,272 million of the year 2010. An applauding increase of 85% has been witnessed in the size of investments which showed an amount of Rs.36,685 million as compared to Rs.19,853 million of the last year.

In order to comply with the Minimum Capital Requirement of the State Bank of Pakistan, the Bank during the year 2011, issued Right Shares of Rs.3,224 million to its existing shareholders. The Provincial Government being the major shareholder, taken up the unsubscribed portion of the Right

Issue against the funds already injected as advance share deposit money whereas its shareholding has been increased to 70% from 51%. The post-Right paid-up capital of the Bank for the year ended December 31, 2011 stood at Rs.8 billion and the Bank was fully compliant with the Minimum Capital Requirement upto the year end 2011.

In 2011, the Bank focused on concentrating and broadening its services and branch network. Due to the avid vision and hectic efforts of the Bank's team, the branch network expanded nationally with opening of 12 new branches in pivotal locations such as Sargodha, Jehlum, Abbottabad, Chiniot, Sahiwal, Karachi, Hyderabad, Lakki Marwat, Peshawar, Dera Ismail Khan, Thall and Swari Buner thus giving the tally to 62 branches. Among these, 26 branches are working as dedicated Islamic Banking Branches whereas the remaining 36 branches are working on the conventional side. Further, 4 sub branches and 3 booths are also providing services to our valued customers.



→ Future Outlook

The macroeconomic outlook of the country remains vulnerable owing to weak fiscal position, risk of rise in inflation and deterioration in Balance of Payments. The slowing down of the global economy, especially in regions where Pakistani exports are destined,

sensitive security situation in the country and structure bottlenecks including energy shortage presents additional challenges. The Bank being watchful of the economic conditions would continue with its strategy of steady growth. The cornerstone of





Bank's philosophy would remain on improving service quality standards and providing state of the art banking services through leveraging technology.

Going forward in 2012, the focus

would remain on recoveries along with increase in quality advances. Continued emphasis on deposits growth by offering new liability products to tap new avenues of market segments would be a key strategy. The Bank would be

focusing on enhancing revenue growth and profitability through cross selling various financial products, strengthening internal controls operational structure, capacity building, proficient customer services and optimizing

branch banking platform. The Bank has taken the following initiatives so as to make its presence felt in a progressive manner and to provide efficient services to the customers:

a. Construction of Head Office Building so as to house all the operational activities under one roof and to have a focused and steady approach towards decision making

b. Induction and Implementation of Core Banking System for smooth and user friendly operations

c. Starting of Call Banking Centers

d. Strengthening of Human Resource through proper trainings and personality buildups

Further, in view of its corporate social responsibility, the Bank has

offered its services to the Provincial Government and has launched Bacha Khan Khapal Rozgar Scheme to grant small loans to the people to start new or enhance their already established businesses. So far the response is excellent and the recoveries made in the said scheme are outstanding.

➔ Risk Management Framework

The Bank manages risk through a framework of sound risk principles which include an optimum organizational structure, risk review and monitoring process that are closely aligned with our long term strategy. The Risk Management Division is mandated to implement this framework as a function independent of commercial lines of business, working under the guidance of Board's Risk Management Committee. In addition, a Management Risk Management Committee comprising members of senior management deliberates on major risk issues and

also recommends risk policies prepared by the division following review in its periodic meetings to the Board Committee and the Board for approval. In order to mitigate risks associated with the banking sector, the Bank has adopted measures to monitor and alleviate risks under the SBP Risk Management Guidelines. The Board of Directors of the Bank has approved the Risk Management Policy which incorporates all the important aspects in light of the guidelines provided by the State Bank of Pakistan on the issue. During 2011, the Bank has

conducted a Basel II Gap analysis project. The project included a business & data gap report and implementation plan for standardized and advanced approaches of Basel II. A phase-wise implementation of Basel II has been started by the Bank in areas of credit, market and operational risk. In the first phase standardized approach for credit risk, shall be implemented and subsequently migrate to foundation internal rating based approach. The Bank is also in process of development of operational risk management framework to comply with the



operational risk standardized approach. The bank has already developed a market risk management framework to manage liquidity and market risk. Various subprojects are underway to bring

the bank in compliance with Basel II approaches.

The Bank is committed to allocate considerable resources in managing the material risks to which it is

exposed. The momentum attained so far will be continued in identifying, controlling and managing risk through significant investments in human resource, technology and training.

→ Internal Control

The system of Internal Control is sound in design and is being effectively implemented and monitored. Internal Control Policy and Procedures have been

approved by the Board of Directors and are being efficiently implemented. The management feels confident that all Internal Controls procedures are adequate

to effectively and efficiently meet the operational requirements while efforts are underway to further improve the Internal Control Procedures.



→ Statement under Section XIX of the Code of Corporate Governance

The Bank's Board and management are committed to the standards defined in the Code of Corporate Governance and continuous organizational improvement. In this regard the following statements are duly confirmed:

1. The financial statements prepared by the management of The Bank of Khyber present fairly its state of affairs, the results of its operations, cash flow and changes in equity.
2. Proper books of accounts of

The Bank of Khyber have been maintained.

3. Appropriate accounting policies have been consistently applied in preparation of financial statements except as disclosed.
4. International Accounting Standards as applicable have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed.
5. The system of internal control

is satisfactory in design and has been effectively implemented and monitored however; for further improvement gap analysis exercise was carried out and the gaps identified will be addressed.

6. There are no significant doubts upon the Bank's ability to continue as a going concern.
7. There has been no material departure from the best practices of Corporate Governance as detailed in the listing regulations.

→ Board Meetings

The Board met on 5 occasions in the year under review and its meetings were attended by Directors as under:

Meetings Attended	
1. Mr. Attaullah Khan, Chairman	4
2. Mr. Bilal Mustafa, Managing Director	5
3. Sahibzada Saeed Ahmad	5
4. Mr. Muhammad Asif	3
5. Mr. Muhammad Maqsood Khan	5
6. Mr. Maqsood Ismail	4
7. Mir Javed Hashmat	5
8. Mr. Amjad Pervez	4

→ Credit Rating

The JCR-VIS Credit Rating Company Limited has maintained the long term and the short term ratings of the Bank to "A-" (Single A Minus) and "A-2" (A-Two) respectively.

The Pakistan Credit Rating Agency Limited (PACRA) has also maintained long term entity rating of the Bank to "A-" (Single A Minus) and short term entity rating at "A2" (A Two). The ratings denote

low expectation of credit risk emanating from a strong capacity for timely payment of financial commitments.

Rating Outlook by both the companies is "Positive".



→ Value of Investments in Employees Retirement Benefit Funds

Book Value of Investments of Provident and Gratuity Funds as per un-audited accounts of these funds for the year ended December 31, 2011 are Rs.493 million and Rs.157 million respectively.

→ Pattern of Share Holding

The pattern and category of share holding as at December 31, 2011 is annexed with the report.

→ Six Years Operating and Financial Data

The requisite information is presented in the report.

→ Earnings Per Share

After tax Earnings per share for the year 2011 is Rs.1.41.

→ Auditors

The retiring auditors, M/s. M.Yousuf Adil Saleem & Co., Chartered Accountants, being eligible, have offered themselves to act as auditors of the Bank for the year ending December 31, 2012.

→ Acknowledgement

The Board would like to thank all shareholders and customers for their enduring support and trust, our staff for their continuous hard work and dedication and the Government of Khyber Pakhtunkhwa, the State Bank of Pakistan and other regulatory

bodies for the worthy guidance, patronage and support for making the organization a success.

The Board of Directors, Management and the staff of the Bank remain committed to continuously strive to take new

initiatives, introduce new products, improve service quality and work efficiency, and strengthen the institutional and control framework to enable the Bank of Khyber to emerge as a progressive bank of the country.

On behalf of the Board of Directors

Bilal Mustafa
Managing Director

Peshawar: March 07, 2012

→ PICTURE GALLERY







→ **Imran Samad**
Group Head (Credit Management Group)



→ **Kamran Masud Khan**
Group Head (Islamic Banking Group)



→ **Muhammad Tariq Nasim**
Head (Establishment) & Acting
Group Head (Human Resource)



→ **Sohail Khan**
Head (Business Development Islamic)



→ **Shabeer Ahmad Sheikh**
Head (Operation & Support Islamic)



→ **M. Yaseen Chaudhary**
Head (Special Assets Management)



→ **Khurshid Alam**
Head (Banking Operations Conventional)



→ **Masood A.S. Wahedna**
Head (Treasury & Investment)



→ **Rahat Gul**
Chief Financial Officer



→ **Hassan Afzal Tauni**
Head (Credit Administration)



→ **Hermond Javed Bhatti**
Head (Internal Audit)



→ **Lal Nawaz Khattak**
Head (Business Development Conventional)

→ MANAGEMENT TEAM





Statement of Compliance

with the best Practices of the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance (the Code) framed by the Securities and Exchange Commission of Pakistan for the purpose of establishing a framework of good governance, to manage a company in compliance with best practices of corporate governance, which has been made applicable to banks by the State Bank of Pakistan (SBP) through regulation G-1 of Prudential Regulations for Corporate/ Commercial Banking and to listed entities through Regulation No.35 of the Listing Regulations of the Karachi Stock Exchange.

The Bank has applied the principles contained in the Code in the following manner:

1. The Bank encourages representation of non-executive Directors on its Board of Directors (the Board). At present all the members of the Board are non-executive Directors except the Managing Director (MD) and the Executive Director.
2. The Directors have confirmed that none of them is serving as a Director in more than ten listed companies.
3. All the Directors have confirmed that they are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs.
4. The Bank has prepared and circulated a 'Statement of Ethics and Business Practices' which has been signed by the Directors and the employees of the Bank.
5. No casual vacancy occurred on the Board of Directors during the year 2011.
6. The Board has developed a vision and mission statement and an overall corporate strategy. The Board has approved major significant policies of the Bank. A complete record of particulars of the significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and necessary administrative, financial and credit discretionary powers have been delegated to the management. In accordance with section 12 of The Bank of Khyber Act, 1991 (as amended) the powers of appointment of the Managing Director and determination of the terms and conditions of such appointment rest with the Government of Khyber Pakhtunkhwa.
8. Except one, all the meetings of the Board were presided over by the Chairman. The Board met at least once in every quarter during the year ended December 31, 2011. A total of five meetings were held during the year. Written notices of the Board meetings along with agenda and working papers were circulated to the directors at least seven days before the meetings.
9. The Directors of the Bank have been apprised about the responsibilities relating to the code of corporate governance. The Bank endeavors to arrange orientation courses for the directors of the Bank. Three directors attended a conference at the Pakistan Institute of Corporate Governance during the year whereas; three directors had already obtained certification under the "Board Development Series" program.
10. The appointment of the Chief Financial Officer (CFO) and Company Secretary had been made by the Board previously. The contract of Head Internal Audit has been renewed during the year for a period of one year.
11. The Directors' Report for this year has been prepared in compliance with the requirement of the Code and fully describes the salient matters required to be discussed.



12. The Financial statements of the Bank were duly endorsed by the MD and the CFO before approval of the Board.
13. The Directors and the MD do not hold any interest in the shares of the Bank other than that disclosed in the pattern of shareholding.
14. The Board has formed an Audit Committee. It comprises of four members. All of the members of the Committee including the Chairman are non-executive Directors.
15. The meetings of the Audit Committee were held at least once every quarter and prior to approval of interim and final results as required by the Code. A total of seven meetings of the Committee were held during the year. The terms of reference of the Committee have been formulated and approved by the Board.
16. The Board has set up an internal audit function, the members of which are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Bank and they are involved in the internal audit function on a full-time basis.
17. The system of Internal Control is sound in design and is being implemented and monitored. However, efforts are underway to further improve the Internal Control Procedures.
18. The statutory auditors of the Bank have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Bank and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by The Institute of Chartered Accountants of Pakistan.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditor have confirmed that they have observed IFAC guidelines in this regard.
20. This Statement of Compliance with best practice of corporate governance is being published and circulated along with the annual report of the Bank.
21. The State Bank of Pakistan through its Circular Letter No. 2 dated January 7, 2005 has required the Banks to include in their Directors' Report information on Risk Management Framework. Accordingly, the required information has been included in the Directors' Report to comply with the aforementioned requirement.
22. All related party transactions for the year have been reviewed by the Audit Committee and approved by the Board. These transactions are carried out on agreed terms and conditions.
23. We confirm that the Bank has also implemented the remaining provisions of the Code applicable to the Bank.

On behalf of The Board of Directors



Bilal Mustafa
Managing Director

March 7, 2012

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices (the Statement) contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of The Bank of Khyber (the Bank) to comply with Regulation G-1 of the Prudential Regulations for Corporate / Commercial Banking issued by the State Bank of Pakistan and Listing Regulation of the Karachi Stock Exchange where the Bank is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Bank. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Bank's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Bank's personnel and review of various documents prepared by the Bank to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried any special review of the internal control system to enable us to express an opinion as to whether the Board's statement of internal control covers all controls and the effectiveness of such internal controls.

Further, Sub-Regulation (xiii a) of Listing Regulation 35 notified by the Karachi Stock Exchange (Guarantee) Limited requires the Bank to place before the Board of Directors for their consideration and approval related party transactions, distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price, recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement does not appropriately reflect the Bank's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Bank for the year ended December 31, 2011.

M. Yousuf Adil Saleem & Co
Chartered Accountants

Dated: March 7, 2012
Place: Karachi



Statement of Internal Control

Internal Control System

It is the responsibility of the Bank's Management to establish and maintain an adequate system of Internal Control. The Management makes every effort to implement the guidelines on Internal Controls to ensure that all significant risks are identified, evaluated and managed. The Internal Control System comprises of control procedures and control environment.

The system of Internal Control is carried out with the active participation of Senior Management and the Board's Audit Committee with support from the Internal Audit, Compliance and Risk Management Division.

The Management ensures the efficiency and effectiveness of the Internal Control System by extending Internal Control to cover all activities, identifying control objectives and instituting segregation of duties, providing pertinent training and communicating the importance of Internal Controls down the line to every one involved.

The accounting information and communication system of the Bank have been built with a view to carry out operations within the policy guidelines approved by the Board of Directors.

The ultimate responsibility for the integrity and reliability of the Internal Control System rests with the Board of Directors. The board has approved an Internal Control policy to ensure effective Internal Controls. However, it may be understood that, Internal Control System is designed to manage rather than eliminate the risk of failure inherent in the desired business transactions and can only provide reasonable and not absolute assurance against material misstatement or loss.

Evaluation of Existing Internal Control System

The Bank is in the process of completion of all stages of the roadmap defined for Internal Control over Financial Reporting under which the statutory auditors of the Bank will submit the long form report as of September 30, 2012 by the year ending December 31, 2012.

The system of Internal Control is being evaluated and improved as an ongoing process of identification, evaluation and management of significant risks inherent in the overall operations of the Bank.

The observations of weaknesses pointed out by the internal and external auditors are reviewed regularly and necessary steps are taken to correct the weaknesses whereas further measures are instituted to ensure that instances are not repeated. It is also ensured that timely and satisfactory action is taken on the recommendations of the auditors both internal and external. Due attention is also being given to formalizing systems and enhancing the competence and knowledge of the staff.

On behalf of The Board of Directors



Bilal Mustafa
Managing Director

March 7, 2012

Shariah Advisor Report

Alhamdulillah, all praises and thanks for Allah.

It gives me immense pleasure to comment on the performance of the Bank of Khyber (BOK) for the year ended December 31st 2011. This year marks the achievement of a number of significant milestones in the history of BOK that is a testimony of blessings of Allah (SWT).

In this year Shariah Department has developed the products of Export Refinancing, Collection of bills under Wakala, Istisna Products and other agreements, policies and procedures have been reviewed and amended in order to improve the standard from Shariah point of view by further improving the transparency and clarity.

- | | |
|--|------------------------|
| 1. Ijarah | 2. Murabaha |
| 3. Diminishing Musharakah | 4. Musharakah |
| 5. Mudarabah | 6. Istisna |
| 7. Collection of bills under Wakala | 8. Share Purchase |
| 9. Import & Export finance under Islamic Banking | 10. Export Refinancing |
| 11. Process for Foreign Currency (FCY) | 12. Wakala |
| 13. Issuing of LGs and LCs | 14. Qarz-e-hasana |

On other side IBG offers a wide range of deposit products, current, saving and term deposit accounts which are designed with flexible features to meet the need of our customers in Shariah Compliant manner. Throughout the year, the process of allocation of assets to various deposit pools, announcement of weightages (profit sharing ratios) for Musharakah based deposits and distribution of income to deposit accounts was monitored and reviewed in accordance with Shariah rules and principles. Presently IBG is offering the following types of deposit accounts:

- | | |
|--|---|
| 1. Current Accounts | 2. Interest Free PLS Saving Accounts |
| 3. Riba Free Certificates | 4. Call Deposits |
| 5. Riba Free Special Deposit Pool Deposits/Certificate | 6. Riba Free Special Deposit Poll for Banks |
| 7. Riba Free Special Deposit Poll for Mutual Funds | |

The bank continued with its aggressive branch expansion plan during 2011 and expanded to 26 Islamic banking branches and 4 sub-branches in over 20 cities of the country. This has further strengthened Islamic banking group's ability to create awareness and deliver Islamic banking products and services throughout the country. The bank also continued its support for development of Islamic banking to institutions including National Institute of banking and Finance (NIBAF) Sheikh Zayed Islamic Center, Peshawar, City University, Peshawar, Iqra University, Peshawar and Institution of Management Sciences, Peshawar.

Main attraction for the establishment of an Islamic Bank is to safeguard the Muslims from indulging into non Shariah Complaint transactions in their financial affairs. Therefore, Islamic banking and adherence to the Shariah rules go hand in hand. IBG of BOK ensures strict devotion to Shariah through following proper check and balance mechanism:

Shariah Supervisory Committee and Shariah Advisor

The bank has a full time Shariah Advisor and Shariah Supervisory Committee (SSC) comprising of well known scholars to examine and approve all agreements policies and other relevant documents of all types, related to services offered by Islamic Banking Group of BOK. During the year SSC held 3 meetings to review various products, concepts, transactions processes and their



Shariah compliance, referred by the Shariah Department of IBG. The Shariah Supervisory Committee of The Bank of Khyber Comprises of following Scholars.

I	Mufti Muhammad Zahid	Chairman
I	Syed Muhammad Abbass	Member
I	Dr. Dost Muhammad Khan	Member
I	Dr. Shahzad Iqbal Sham	Member
I	Mr. Muhammad Ayub	Member
Shariah Compliance and Shariah Audit		

Shariah compliance has always been the strength of IBG of BOK where no compromise is made on Shariah principles. Shariah compliance mechanism at IBG operates at different levels ranging from customer visits, designing of specific process flows for financing products, random transaction reviews for formal Shariah Audit. Shariah Compliance and Shariah Audit work in close liaison with Shariah Advisor, Internal Audit and Compliance dept of the bank to ensure Shariah compliance through multiple cross functional checks.

In the year 2011 the Shariah Audit Unit has conducted Shariah Audit of all Islamic banking branches and submitted their detail branch-wise report to Shariah Department for advising appropriate action. Based on the Shariah Advisor comments, Shariah Compliance Unit has taken corrective measures and where deemed necessary, income is classified as charity.

Apart from above, as Shariah Advisor, I have reviewed policies and operations of Islamic banking group and Islamic banking branches during the year 2011 to firm up an opinion as to whether they have complied with the Shariah rules & principles and also with the specific Fatwas issued by SSC/Shariah Advisor along-with instructions and guidelines issued by SBP from time to time. Keeping in view the above scenario, I am of the opinion that;

1. The business affairs of IBG(BOK) have been generally carried out in accordance with the rules and principles of Shariah. The products, polices, agreements and all operations conducted by the Islamic banking Group during the year ended 2011 are in compliance with Shariah guidelines given by the SSC and SBP.
2. Profit Distribution Mechanism and allocation of funds, expenses, weightages and other affairs of the bank conform to the basis vetted by SSC in accordance with Islamic rules and principles.
3. All sources of income of the bank are Shariah compliant and any earning which has been realized from sources not Compliant with Shariah Guidelines, Islamic rules and principles have been transferred to the Charity Account and distributed as per approved guidelines of SBP/SSC. It is worth mentioning here that other than above a few mistakes in documentation had also been pointed out by the Shariah Audit Unit which did not render the income to be non Shariah compliant were addressed as per instructions issued by the Shariah Department.

In the end it is stated that it is the responsibility of management to inculcate Shariah compliance culture within the organization and should regularly remind the frontline staff about the importance of Shariah and its impact on the Islamic Banking spirit if Shariah principles and practices are not observed, and to always place Shariah as the utmost requirement in the formulation of all procedures and activities of Islamic banking.

Recommendations

Based on the observations pointed out by Shariah Audit Unit, my visits to the branches and feedback from several areas to inculcate Shariah compliance culture within the organization, I recommend the following:

1. Knowledge deficiency is found as the main cause behind mistakes. Adequate Training on Islamic Banking has not been imparted to the staff during the year. Specially designed training covering various areas of Islamic banking should be arranged on Regular basis to improve the knowledge and skills of the Islamic banking staff.
2. Due care should be given to the mindset, Islamic banking knowledge and commitment towards the cause of Islamic banking during the process of hiring of new staff for Islamic banking. Moreover, a proper testing system should also be introduced whereby every Islamic banking branch manager, operations Incharge, credit Incharge and Departmental head have to qualify to hold/maintain his position.
3. In the areas where IBBs have more female clients, separate Women Banking Counters should be established to facilitate female customers.
4. Hijab should be made compulsory for all females working in Islamic banking branches and IBG.

May Allah bless us with the best Tawfeeq and keep us on the right way and forgive our mistakes. Ameen

Qazi Abdul Samad
Shariah Advisor



Deloitte.

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed statement of financial position of **The Bank of Khyber** ("the Bank") as at December 31, 2011 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "financial statements") for the year then ended, in which are incorporated the unaudited certified returns from the branches except for 7 branches which have been audited by us and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Bank's Board of Directors to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with approved accounting standards and the requirements of the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984). Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the International Standards on Auditing as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting amounts and disclosures in the financial statements. An audit also includes assessing accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and after due verification, which in the case of loans and advances covered more than 60% of the total loans and advances of the Bank, we report that:

- a) in our opinion, proper books of account have been kept by the Bank as required by the Companies Ordinance, 1984 (XLVII of 1984), and the returns referred to above received from the branches have been found adequate for the purposes of our audit;
- b) in our opinion:
 - i) the statement of financial position and profit and loss account together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984), and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the Bank's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank;

Member of
Deloitte Touche Tohmatsu Limited

- c) in our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984), in the manner so required and give a true and fair view of the state of the Bank's affairs as at December 31, 2011 and its true balance of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and
- d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

M. Yousuf Adil Saleem & Co
Chartered Accountants
Engagement Partner: Syed Asad Ali Shah

Date: March 7, 2012
Place: Karachi



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→ **FINANCIAL HIGHLIGHTS**

Statement of Financial Position

As at December 31, 2011

	Note	2011	2010
		(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks	7	2,802,781	5,080,521
Balances with other banks	8	1,527,561	1,501,883
Lendings to financial institutions	9	1,800,566	2,562,093
Investments	10	36,684,689	19,852,730
Advances	11	22,287,799	18,238,333
Operating fixed assets	12	1,301,822	1,121,554
Deferred tax asset - net	13	255,090	443,320
Other assets	14	1,764,158	1,993,869
		68,424,466	50,794,303
LIABILITIES			
Bills payable	15	281,292	280,665
Borrowings	16	10,391,732	2,894,759
Deposits and other accounts	17	45,548,423	36,981,351
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities	18	1,837,525	1,237,155
		58,058,972	41,393,930
NET ASSETS			
		10,365,494	9,400,373
REPRESENTED BY			
Share capital	19	8,228,001	5,004,001
Reserves		722,501	548,039
Unappropriated profit		749,925	52,079
		9,700,427	5,604,119
Advance against shares subscription		-	3,224,000
		9,700,427	8,828,119
Surplus on revaluation of assets - net of tax	20	665,067	572,254
		10,365,494	9,400,373
CONTINGENCIES AND COMMITMENTS			
	21		

The annexed notes 1 to 43 and annexures A to D form an integral part of these financial statements.



Managing Director



Director



Director



Director



Profit and Loss Account

For the year ended December 31, 2011

	Note	2011	2010
		(Rupees in '000)	
Mark-up / return / interest earned	22	6,946,827	4,207,155
Mark-up / return / interest expensed	23	4,551,942	2,925,066
Net mark-up / interest income		2,394,885	1,282,089
Provision against non-performing advances - net	11.4	42,092	48,916
Provision / (reversal of provision) for diminution in the value of investments - net	10.3	202,532	(371,682)
Bad debts written off directly		-	-
Net mark-up / interest income after provisions		2,150,261	1,604,855
NON MARK-UP / INTEREST INCOME			
Fee, commission and brokerage income		232,828	172,565
Dividend income		223,114	74,848
Income from dealing in foreign currencies		56,285	30,761
Gain / (loss) on sale of securities - net	24	169,383	(285,934)
Unrealised (loss) / gain on revaluation of investments classified as held for trading - net	10.6	(16,742)	1,431
Other income	25	65,142	66,006
Total non-mark-up / interest income		730,010	59,677
		2,880,271	1,664,532
NON MARK-UP / INTEREST EXPENSES			
Administrative expenses	26	1,468,480	943,680
Other provisions / write offs / (reversals)	27	87,970	(5,705)
Other charges	28	38,363	13,416
Total non-mark-up / interest expenses		1,594,813	951,391
Extra-ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		1,285,458	713,141
Taxation	29		
- Current		271,550	89,631
- Prior years		26,306	2,040
- Deferred		115,294	57,984
PROFIT AFTER TAXATION		413,150	149,655
Unappropriated profit / (accumulated loss) brought forward		872,308	563,486
Unappropriated profit carried forward		52,079	(398,710)
		924,387	164,776
Earnings per share - Basic and Diluted (in Rupees)	30	1.41	1.13

The annexed notes 1 to 43 and annexures A to D form an integral part of these financial statements.



Managing Director



Director



Director



Director

Statement of Comprehensive Income

For the year ended December 31, 2011

	2011	2010
	(Rupees in '000)	
Profit after taxation for the year	872,308	563,486
Other comprehensive income	-	-
Total comprehensive income for the year	872,308	563,486

Surplus / (deficit) arising on revaluation of assets has been reported in accordance with the requirements of the Companies Ordinance, 1984, and the directives of the State Bank Pakistan in separate account below equity.

The annexed notes 1 to 43 and annexures A to D form an integral part of these financial statements.



Managing Director



Director



Director



Director



Statement of Changes in Equity

For the year ended December 31, 2011

	Share Capital	Statutory Reserve	Unappropriated profit / (Accumulated loss)	Total
------(Rupees in ' 000)-----				
Balance as at January 01, 2010	5,004,001	435,342	(398,710)	5,040,633
Total comprehensive income for the year				
Profit after taxation for the year ended December 31, 2010	-	-	563,486	563,486
Other comprehensive income	-	-	563,486	563,486
Transfer to statutory reserve	-	112,697	(112,697)	-
Balance as at December 31, 2010	5,004,001	548,039	52,079	5,604,119
Total comprehensive income for the year				
Profit after taxation for the year ended December 31, 2011	-	-	872,308	872,308
Other comprehensive income	-	-	872,308	872,308
Transfer to statutory reserve	-	174,462	(174,462)	-
Transactions with owners recorded directly in equity				
Issue of shares during the year	3,224,000	-	-	3,224,000
Balance as at December 31, 2011	8,228,001	722,501	749,925	9,700,427

The annexed notes 1 to 43 and annexures A to D form an integral part of these financial statements.



Managing Director



Director



Director



Director

Cash Flow Statement

For the year ended December 31, 2011

	Note	2011	2010
(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		1,285,458	713,141
Less: Dividend income		223,114	74,848
		1,062,344	638,293
Adjustments for:			
Depreciation		67,491	39,039
Amortization		3,369	1,940
Provision against non-performing advances - net		42,092	48,916
Unrealized loss / (gain) on revaluation of investments classified as held-for-trading - net		16,742	(1,431)
Provision / (reversal of provision) for diminution in the value of investments - net		202,532	(371,682)
Other provisions / write offs / (reversals)		87,970	(5,705)
Gain on sale of operating fixed assets		(2,700)	(12,013)
		417,496	(300,936)
		1,479,840	337,357
(Increase) / decrease in operating assets:			
Lendings to financial institutions		625,544	(745,542)
Net investments in held-for-trading securities		(1,408,658)	384,220
Advances - net		(3,993,717)	(6,451,287)
Others assets (excluding advance taxation)		(138,200)	(357,432)
		(4,915,031)	(7,170,041)
Increase / (decrease) in operating liabilities:			
Bills payable		627	50,692
Borrowings		7,496,973	(2,252,277)
Deposits and other accounts		8,567,072	10,695,557
Other liabilities (excluding current taxation)		600,370	51,685
		16,665,042	8,545,657
		13,229,851	1,712,973
Income tax refunded		20,940	91,129
		13,250,791	1,804,102
Net cash flows from operating activities			



	Note	2011	2010
(Rupees in '000)			
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		(15,550,806)	(2,676,458)
Net investments in held-to-maturity securities		73,980	570,963
Dividend income received		223,114	74,848
Investments in operating fixed assets		(257,354)	(172,915)
Proceeds from sale of operating fixed assets		8,213	36,064
Net cash used in investing activities		(15,502,853)	(2,167,498)
CASH FLOWS FROM FINANCING ACTIVITIES			
Advance against shares subscription		-	3,000,000
Net cash flows from financing activities		-	3,000,000
(Decrease) / Increase in cash and cash equivalents		(2,252,062)	2,636,604
Cash and cash equivalents at beginning of the year		6,582,404	3,945,800
Cash and cash equivalents at end of the year	31	4,330,342	<u>6,582,404</u>

The annexed notes I to 43 and annexures A to D form an integral part of these financial statements.



Managing Director



Director



Director



Director

Notes to the Financial Statements

For the year ended December 31, 2011

1. STATUS AND NATURE OF BUSINESS

- 1.1** The Bank of Khyber ("the Bank") was established under The Bank of Khyber Act, 1991 and is principally engaged in the business of commercial, investment and development banking. The Bank acquired the status of a scheduled bank in 1994. The Bank is listed on the Karachi Stock Exchange (KSE). The registered office of the Bank is situated at 24-The Mall, Peshawar Cantt, Peshawar. The Bank is operating 62 branches (2010: 50 branches) including 26 (2010: 21) Islamic branches as at December 31, 2011. The long term credit ratings of the Bank assigned by The Pakistan Credit Rating Agency Limited (PACRA) and JCR-VIS are 'A-' and 'A-' respectively and the short-term credit ratings assigned are 'A2' and 'A2' respectively.

2. BASIS OF PRESENTATION

- 2.1** In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by the banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under the respective arrangements (except for murabaha financings accounted for under Islamic Financial Accounting Standard - I "Murabaha") are not reflected in these financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of markup thereon.
- 2.2** The financial results of the Islamic Banking Division have been included in these financial statements for reporting purpose, after eliminating the effects of intra-bank transactions and balances. Key financial figures of the Islamic Banking Division are disclosed in Annexure "A" to these financial statements.
- 2.3** These financial statements have been presented in Pakistani Rupee, which is the Bank's functional and reporting currency. The figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

3. BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except that certain operating fixed assets have been stated at revalued amounts and certain investments and derivative financial instruments have been stated at fair value, as disclosed in their respective notes.

4. STATEMENT OF COMPLIANCE

- 4.1** These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) and interpretations issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, the requirements of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962, or directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). Wherever, the requirements of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962, or directives issued by the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan differ with the requirements of IFRS or IFAS, the requirements of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962, or the requirements of the said directives prevail.



4.2 The SBP, vide BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement (IAS 39) and International Accounting Standard 40, Investment Property (IAS 40) for banking companies till further instructions. Further, according to a notification of SECP dated April 28, 2008, IFRS 7 "Financial Instruments Disclosure" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by SBP through various circulars.

4.3 Adoption of new / revised and amended standards and interpretations to published accounting standards

During the year, following standards and interpretations including amendments to standards and interpretations became effective, however, their application did not have material impact on the financial statements of the Bank;

- IFRS 3 - Business Combinations (Amendments)
- IAS 1 - Presentation of Financial Statements (Amendments)
- IAS 24 - Related Party Disclosures (Revised)
- IAS 27 - Consolidated and Separate Financial Statements (Amendments)
- IAS 32 - Financial Instruments: Presentation (Amendments)
- IAS 34 - Interim Financial Reporting (Amendment)
- IFRIC 13 - Customer Loyalty Programmes (Amendment)
- IFRIC 14 - Prepayments of a Minimum Funding Requirement (Amendment)
- IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments

4.4 Amendments to published standards and new interpretation to existing standard that are not yet effective and have not been early adopted by the Bank

The following amendments to published standards and new interpretation to existing standard are effective for accounting periods, beginning on or after the date mentioned against them:

IAS 1 - 'Presentation of Financial Statements' (effective for annual periods beginning on or after July 1, 2012) - retains the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

IAS 12 - 'Income taxes' - (effective for annual periods beginning on or after January 1, 2012) - IAS 12 currently requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40,

'Investment Property'. This amendment therefore introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendments, SIC 21, 'Income taxes - recovery of revalued non-depreciable assets', will no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC 21, which is withdrawn.

IAS 19 - 'Employee Benefits' (effective for annual periods beginning on or after January 1, 2013) - These amendments eliminate the corridor approach and calculate finance costs on a net funding basis.

IFRIC 20 - 'Stripping Costs in the Production Phase of a Surface Mine' applies to all types of natural resources that are extracted using a surface mine activity process, and addresses the issues pertaining to the recognition of production stripping cost as an asset, initial measurement of stripping activity at cost and subsequent measurement of stripping activity asset at depreciated or amortized cost based on a systematic basis over the expected useful life of the identified component of ore body.

The abovementioned amendments to standards and new interpretation are either not relevant to the Bank's operations or are not expected to have significant impact on the Bank's financial statements other than increase in disclosures in certain cases.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. It also requires management to exercise judgment in application of its accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas where various assumptions and estimates are significant to the Bank's financial statements or where judgment was exercised in application of accounting policies are as follows:

5.1 Classification of investments

In classifying investments as "held-for-trading" the Bank has determined securities which are acquired with the intention to trade by taking advantage of short term market / interest rate movements and are to be sold within 90 days.

In classifying investments as "held-to-maturity" the Bank follows the guidance provided in SBP circulars on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity. In making this judgment, the Bank evaluates its intention and ability to hold such investments to maturity.



The investments which are not classified as "held-for-trading" or "held-to-maturity" are classified as "available-for-sale".

5.2 Impairment of available-for-sale equity investments

The Bank determines that "available-for-sale" equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the Bank evaluates among other factors, the volatility in share price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

5.3 Provision against non-performing loans and advances and debt securities classified as investments

The Bank regularly reviews its loan portfolio and debt securities classified as investments to assess the amount of non-performing loans and advances and debt securities and provision required there-against. While assessing this requirement various factors including the delinquency in the account, financial position of the borrower, the forced sale value of securities and requirements of the Prudential Regulations are considered. Consequent to the change in Prudential Regulations with respect to the benefit allowed for Forced Sale Value (FSV) of eligible collaterals / securities held against non-performing loans, the Bank has changed the basis for provision against non-performing loans and advances and the resulting impact is disclosed in note 11.3.1.

For portfolio impairment provision on consumer advances, the Bank follows the general provision requirement set out in Prudential Regulations.

5.4 Income taxes

While making the estimates for income taxes currently payable by the Bank, management looks at the current income tax laws and the decisions of appellate authorities on certain issues in the past. There are various matters where the Bank's view differs with the view taken by the income tax department and such amounts are shown as contingent liability. In making provision for deferred taxes, estimates of the Bank's future taxable profits and expected reversal of deductible temporary differences are taken into account.

5.5 Fixed assets, depreciation and amortization

The Bank carries its land at fair value. The fair value is determined by independent valuation expert under the current market conditions and such valuation is carried out with sufficient regularity that the valuation at year end is close to its fair value.

In making estimates of the depreciation / amortization method, the management uses method which reflects the pattern in which economic benefits are expected to be consumed by the Bank. The method applied is reviewed at each financial year end and if there is a change in the expected pattern of consumption of the future economic

benefits embodied in the assets, the method is changed to reflect the change in pattern. Such change is accounted for as change in accounting estimates in accordance with International Accounting Standard - 8, "Accounting Policies, Changes in Accounting Estimates and Errors".

5.6 Defined benefit plan

The liability of the defined benefit plan (gratuity) is determined using actuarial advice using the Projected Unit Credit Method. The actuarial valuation involves making assumptions about discount rates, expected rates of returns on assets and future salary increases, which have been disclosed in note 33.9.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are consistent with those applied in the preparation of the financial statements of the Bank for the year ended December 31, 2010 and are enumerated as follows:

6.1 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents include cash and balances with treasury banks and balances with other banks in current and deposit accounts.

6.2 Lendings to / borrowings from financial institutions

The Bank enters into transactions of repos and reverse repos at contracted rates for a specified period of time. These are recorded as under:

a) Sale under repurchase agreements

Securities sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognized in the statement of financial position and are measured in accordance with accounting policies for investment securities. The counterparty liability for amounts received under these agreements is included in borrowings from financial institutions. The difference between sale and repurchase price is treated as mark-up/return/interest expense and accrued over the term of the related repo agreement.

b) Purchase under resale agreement

Securities purchased with a corresponding commitment to resell at a specified future date (reverse repos) are not recognized in the statement of financial position, as the Bank does not obtain control over the securities. Amounts paid under these agreements are included in lendings to financial institutions. The difference between purchase and resale price is treated as mark-up/return/interest income and accrued over the term of the related reverse repo agreement.



c) Other lendings

Other lendings include term lendings and unsecured lendings to financial institutions. These are stated net of provision. Mark-up on such lendings is charged to profit and loss account on time proportionate basis using effective interest rate method except mark-up on impaired/delinquent lendings, which are recognized on receipt basis.

d) Other borrowings

Other borrowings including borrowings from SBP are recorded at proceeds received. Mark-up on such borrowings is charged to the profit and loss account on time proportion basis using effective interest method.

6.3 Investments

Investments of the Bank, other than investment in associate (if any) are classified as held -for-trading, held-to-maturity and available-for-sale.

Held-for-trading

These are securities which are either acquired for generating a profit from short-term fluctuations in market prices, interest rate movements, dealer's margin or are securities included in a portfolio in which a pattern of short-term profit taking exists.

Held-to-maturity

These are securities with fixed or determinable payments and fixed maturity in respect of which the Bank has the positive intent and ability to hold to maturity.

Available-for-sale

These are investments that do not fall under the "held for trading" or "held-to-maturity" categories.

Initial measurement

All "regular way" purchases and sales of investments are recognized on the trade date, i.e., the date that the Bank commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of investments that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Investments are initially recognized at fair value which, in the case of investments other than held-for-trading, includes transaction costs associated with the investments.

Subsequent measurement

Held-for-trading

These are measured at subsequent reporting dates at fair value. Gains and losses on re-measurement are included in the profit and loss account.

Held-to-maturity

These are measured at amortized cost using the effective interest rate method, less any impairment loss recognized to reflect irrecoverable amounts.

Available-for-sale

Quoted-securities classified as available-for-sale investments are measured at subsequent reporting dates at fair value. Any surplus / deficit arising thereon is kept in a separate account shown in the statement of financial position below equity and taken to the profit and loss account when actually realized upon disposal or when the investment is considered to be impaired.

Unquoted equity securities are valued at the lower of cost and break-up value. A decline in the carrying value is charged to the profit and loss account. The break-up value of these equity securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements. Investments in other unquoted securities are valued at cost less impairment losses.

Provision for diminution in the value of securities (except term finance certificates and sukus) is made for impairment, if any. Provision for diminution in the value of term finance certificates is made as per the aging criteria prescribed by the Prudential Regulations issued by the SBP.

6.4 Advances

6.4.1 Conventional

Advances are stated net of specific and general provisions. Specific and general provision against advances is determined on the basis of Prudential Regulations and other directives issued by the SBP and charged to the profit and loss account. Advances are written-off when there are no realistic prospects of recovery.

6.4.2 Murabaha

Funds disbursed for purchase of goods are recorded as 'Advance for Murabaha'. On culmination of murabaha, i.e., sale of goods to customers, murabaha financings are recorded at the deferred sale price net of profit. Goods that have been purchased but remained unsold are recorded as inventories. Profit is recorded at the time of sale of goods under murabaha as deferred income and is included in the amount of murabaha financings. Profit is taken to the profit and loss account over the period of the murabaha.



6.4.3 Ijarah financings

Ijarah financings executed on or before December 31, 2008 have been accounted for under Finance method, thereafter all Ijarah financings are accounted for under IFAS-2.

- (a) Under Finance method, the present value of minimum Ijarah payments have been recognized and shown under financings. The unearned income, i.e., the excess of aggregate Ijarah rentals over the cost of the asset and documentation charges under Ijarah facility is deferred and then amortized over the term of the Ijarah, so as to produce a constant rate of return on net investment in the Ijarah. Gains / losses on termination of Ijarah contracts are recognized as income on a receipt basis. Income on Ijarah is recognised from the date of delivery of the respective assets to the Mustajir (lessee).
- (b) Under IFAS-2 method, assets underlying Ijarah financing have been carried at cost less accumulated depreciation and impairment losses, if any, and are shown under financing. Rentals accrued from Ijarah financings net of depreciation charged are taken to profit and loss account. Depreciation on Ijarah assets is charged by applying the straight line method over the Ijarah period which is from the date of delivery of respective assets to Mustajir up to the date of maturity / termination of Ijarah agreement.

6.4.4 Diminishing musharakah

Diminishing Musharaka represents an asset in joint ownership whereby a partner promises to buy the equity share of the other partner until the title to the equity is totally transferred to him. The partner using the asset pays the proportionate rental of such asset to the other partner (the Bank).

6.5 inventories

The Bank values its inventories at the lower of cost and net realizable value. Cost of inventories represent the actual purchase made by the customer as an agent on behalf of the Bank from the funds disbursed for the purposes of culmination of murabaha (i.e., subsequent sale). The net realizable value is the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

6.6 Operating fixed assets and depreciation

6.6.1 Tangible fixed assets

Property and equipment, except land which is not depreciated, are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Land is carried at revalued amount. Depreciation on fixed assets is charged to income over the useful life of the asset on a systematic basis by using the reducing balance method at the rates stated in note 12.2 except for the renovation / improvement on building, which is depreciated on straight line over five years.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Depreciation charge commences from the month when the asset is available for use and continues till the month the asset is discontinued either through disposal or retirement.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss account when incurred.

Surplus arising on revaluation of land is credited to the 'surplus on revaluation of fixed assets' account. Deficit (if any) arising on subsequent revaluation of fixed assets is adjusted against abovementioned surplus account as allowed under the provisions of the Companies Ordinance, 1984.

Gains and losses on disposal of fixed assets are included in income currently.

6.6.2 Intangible assets

Intangible assets having finite useful life are stated at cost less accumulated amortization and impairment losses, if any. Intangible assets comprise of cost of computer software, which are being amortized using the straight-line method over their useful lives as stated in note 12.3. Amortization is charged from the month of acquisition and up to the month of deletion. The useful lives and amortization method are reviewed and adjusted, if appropriate, at each reporting date.

Costs associated with maintaining computer software are recognized as an expense when incurred.

6.6.3 Capital-work-in progress

Capital-work-in progress is stated at cost less accumulated impairment losses (if any). These are transferred to operating fixed assets as and when the assets are available for use.

6.6.4 Impairment of non-financial assets

The carrying amounts of the Bank's non-financial assets, other than deferred tax assets, are reviewed at each reporting date for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. If such indication exists, and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amount. The resulting impairment loss is taken to the profit and loss account except for the impairment loss on revalued assets which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of the revalued assets.

6.7 Taxation

Income tax expense comprises of current and deferred tax. Income tax expense is recognized in the profit and loss account except to the extent that it relates to items recognized directly in equity or in other comprehensive income.



6.7.1 Current

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing laws of taxation on income earned. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profits for the year at enacted rates. The charge for the current year also includes adjustments, where considered necessary relating to prior years, arising from assessments finalized during the year for such years.

6.7.2 Deferred

Deferred tax is recognized using the balance sheet liability method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is calculated at the tax rates that are expected to apply to the periods when the differences are expected to reverse, based on tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the assets can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax, if any, on revaluation of fixed asset and investments is recognized as an adjustment to surplus / (deficit) arising on revaluation in accordance with the requirements of IAS-12 "Income Taxes".

6.8 Staff retirement benefits

6.8.1 Defined benefit plan

The Bank operates a funded gratuity scheme for all its permanent employees. Contributions are made to the fund in accordance with the rules of the scheme by the Bank. Employees are entitled to the benefits under the scheme which comprise of two last drawn basic salaries for each completed year of service. Contributions to the fund are made on the basis of actuarial recommendations. Actuarial valuation was carried out on December 31, 2011 using the Projected Unit Credit Method. Actuarial gains and losses, if any, arising during the year are charged to the profit and loss account.

6.8.2 Defined contribution plan

The Bank operates a recognized contributory provident fund covering all its permanent employees. Equal monthly contributions are made by the Bank and the employees to the fund at a rate of fifteen percent of basic salary.

6.9 Derivative financial instruments

Derivative financial instruments are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently re-measured at fair value using appropriate valuation techniques. All derivative

financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative. Any change in the fair value of derivative financial instruments is taken to the profit and loss account.

6.10 Revenue recognition

Income on murabaha is accounted for on culmination of murabaha transaction and is recognized as revenue on a time proportionate basis. Unearned profit is accounted for by crediting deferred murabaha income which is recorded as a liability.

Return / mark-up on regular loan / advances (other than murabaha) and investments is recognized on time proportion basis. Where debt securities are purchased at premium or discount, the same is amortized through the profit and loss account using the effective interest rate method.

Interest / return / mark-up recoverable on classified loans and advances and investments is recognized on receipt basis. Interest / return / mark-up on classified rescheduled / restructured loans and advances and investments is recognized as permitted by the regulations of the SBP.

For Ijarah contracts written up to December 31, 2008, the Bank follows finance method in recognizing income. Under this method the unearned income, i.e, the excess of aggregate Ijarah rentals over the cost of the asset and documentation charges under Ijarah facility is deferred and then amortized over the term of the Ijarah, so as to produce a constant rate of return on net investment in the Ijarah. Gains / losses on termination of Ijarah contracts are recognized as income on a receipt basis. Income on Ijarah is recognized from the date of delivery of the respective assets to the Mustajir.

Rentals on Ijarah contracts written subsequent to December 31, 2008 are recognized as income on accrual basis.

Dividend income is recognized when the right to receive the dividend is established.

Fee, commission, liquidated damages etc. are recorded on accrual basis.

6.11 Foreign currencies

a) Foreign currency transactions and balances

Transactions in foreign currencies are translated into rupees at the foreign exchange rates prevailing on the transaction date. Monetary assets and liabilities in foreign currencies are expressed in rupee terms at the rates of exchange prevailing on the reporting date. Foreign bills purchased and forward foreign exchange contracts are valued at forward rates applicable to their respective maturities.

b) Translation gains and losses

Translation gains and losses are included in profit and loss account.



c) Commitments

Commitments for outstanding forward foreign exchange contracts are disclosed in the financial statements at contracted rates. Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in rupee terms at the rates of exchange prevailing on the reporting date.

6.12 Segment reporting

A segment is a distinguishable component of the Bank that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. Segment information is presented as per the guidance of SBP.

Business Segments

The Bank comprises of following main business segments.

a) Corporate finance

This includes, services provided in connection with mergers and acquisition, underwriting, privatization, securitization, research, debts instruments, equity, syndication, IPO and secondary private placements.

b) Trading and sales

It includes fixed income, equity, foreign exchanges, commodities, credit, funding, own position securities, lending and repos, brokerage debt and prime brokerage.

c) Retail banking

It includes retail lending and deposits, banking services, trust and estates, private lending and deposits, banking services, and retail offered to its retail customers.

d) Commercial banking

Commercial banking includes project finance, real estate, export finance, trade finance, factoring, leasing, lending, guarantees, bills of exchange and deposits.

Geographical segments

The Bank conducts all its operations in Pakistan.

6.13 Provisions

Provisions are recognized when the Bank has a legal or constructive obligation arising as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

Provision against identified non-funded losses is recognized when intimated and reasonable certainty exists for the Bank to settle the obligation. The loss is charged to the profit and loss account net of expected recovery and is classified under other liabilities.

Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

6.14 Borrowings / deposits and their cost

- a) Borrowings / deposits are recorded at the proceeds received.
- b) Borrowings / deposits cost are recognized as expense in the period in which these are incurred.

6.15 Off setting

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legally enforceable right to set off and the Bank intends to either settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

6.16 Assets acquired in satisfaction of claims

The Bank occasionally acquires assets in settlement of certain advances. These are stated at lower of its carrying amount and the fair value less costs to sell. Impairment losses are recognized through profit and loss account for any initial or subsequent write down of the asset to fair value less costs to sell. Subsequent gains in fair value less costs to sell are recognized to the extent they do not exceed the cumulative impairment losses previously recorded.

6.17 Earnings per share

The Bank presents earnings per share (EPS) data for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year.

6.18 Dividends and appropriations to reserves

Dividend declared and appropriations, except for transfer to statutory reserve, made subsequent to the date of statement of financial position are recognized as liability and recorded as changes in reserves respectively in the period in which these are approved by the directors / shareholders as appropriate.

6.19 Fiduciary assets

Assets held in a fiduciary capacity are not treated as assets of the Bank in statement of financial position.



	Note	2011	2010
(Rupees in '000)			
7. CASH AND BALANCES WITH TREASURY BANKS			
In hand:			
Local currency		735,062	418,037
Foreign currencies		93,842	61,767
National prize bonds		1,294	216
		830,198	480,020
With State Bank of Pakistan in:			
Local currency current accounts	7.1	1,647,589	4,318,292
Foreign currency current accounts	7.1	34,989	17,898
Foreign currency deposit accounts	7.2	95,794	40,663
		1,778,372	4,376,853
With National Bank of Pakistan in:			
Local currency current accounts		47,233	43,687
Local currency deposit accounts		143,736	132,588
Foreign currency current accounts		3,242	801
Foreign currency deposit accounts	7.3	-	46,572
		194,211	223,648
		2,802,781	5,080,521

7.1 The current accounts are maintained under the requirements of section 22 of the Banking Companies Ordinance, 1962 as amended from time to time.

7.2 These represent accounts maintained for mandatory reserve requirements with the SBP. These accounts currently carry no mark-up.

7.3 These represents placement of funds under foreign currency deposit scheme (FE-25). The mark up rate on these is Nil (2010: ranges from 0.45% to 0.85%) per annum.

	Note	2011	2010
(Rupees in '000)			
8. BALANCES WITH OTHER BANKS			
In Pakistan			
On current account		1,082,539	1,031,133
On deposit account	8.1	251,790	223,642
		1,334,329	1,254,775
Outside Pakistan			
On current account		-	-
On deposit account	8.2	203,260	257,136
		203,260	257,136
Less: Provision for doubtful placement with a bank	8.3	(10,028)	(10,028)
		1,527,561	1,501,883

8.1 These represent short-term deposits with banks and carry mark-up at rates ranging from 0.05% to 10.50% (2010: 0.50% to 12.00%) per annum.

8.2 This represents placement of funds with banks outside Pakistan, which has been generated through the foreign currency deposit scheme (FE-25). These placements currently carry no mark-up.

8.3 Particulars of provision

Opening balance		10,028	10,028
Charge for the year		-	-
Reversals		-	-
Closing balance		10,028	10,028

9. LENDINGS TO FINANCIAL INSTITUTIONS

Call money lending	9.2	500,000	175,000
Repurchase agreement lendings (Reverse Repo)	9.3 & 9.6	1,183,256	2,095,317
Placements with financial institutions	9.4 & 9.5.1	241,944	416,410
		1,925,200	2,686,727
Less: Provision against lendings to financial institutions	9.5	(124,634)	(124,634)
		1,800,566	2,562,093

9.1 Particulars of lendings

In local currency		1,800,566	2,562,093
In foreign currencies		-	-
		1,800,566	2,562,093



- 9.2** This unsecured lending carries interest at the rate of 12.25% (2010: 11%) per annum and will mature on January 6, 2012.
- 9.3** Repurchase agreement lendings (Reverse Repo) are secured against government securities and term finance certificates carrying mark-up rate ranging from 11.80% to 13.00% (2010: 12.77% to 13.25%) per annum and will mature on various dates latest by January 6, 2012.
- 9.4** These unsecured placements with non banking financial institutions carry interest at the rates ranging from 1.50% to 5.00% (2010: 1.5% to 3.00%) per annum and will mature on various dates, latest by February 15, 2014.

9.5	Particulars of provision	Note	2011	2010
			(Rupees in '000)	
	Opening balance		124,634	281,324
	Charge for the year		38,142	-
	Reversals		-	(5,705)
	Transferred to advances / investments	27 9.5.1, 10.3 & 11.4	38,142 (38,142)	(5,705) (150,985)
	Closing balance		124,634	124,634

- 9.5.1** During the year, a clean placement with financial institution was restructured and the Bank received property against amount under restructuring arrangements with the counter party. Consequently, the lending along with the provision thereon has been reclassified to advances. In prior year, restructuring agreement was entered into with another counter party and the net balance was transferred to investments.

9.6 Securities held as collateral against lending to financial institutions

Note	2011			2010		
	Held by bank	Further Given as collateral	Total	Held by bank	Further Given as collateral	Total
	----- Rupees in '000 -----					
Pakistan Investment Bonds	-	-	-	-	714,039	714,039
Market Treasury Bills	1,069,422	-	1,069,422	1,381,278	-	1,381,278
Term Finance Certificates	113,834	-	113,834	-	-	-
9.7	1,183,256	-	1,183,256	1,381,278	714,039	2,095,317

9.7 Aggregate market value of securities held as collateral is Rs. 1,225.708 million (2010: Rs. 2,044.700 million).

	Note	2011			2010		
		Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
10. INVESTMENTS							
10.1 Investments by types		----- Rupees in '000 -----					
Held-for-trading securities							
Market Treasury Bills	10.2.1	1,074,926	-	1,074,926	-	-	-
Pakistan Investment Bonds	10.2.1	334,397	-	334,397	-	-	-
Units of open-ended mutual funds		300,000	-	300,000	-	-	-
Ordinary shares in listed companies		57,544	-	57,544	374,951	-	374,951
		1,766,867	-	1,766,867	374,951	-	374,951
Available-for-sale securities							
Market Treasury Bills	10.2.1	7,851,862	9,449,871	17,301,733	6,666,273	914,822	7,581,095
Pakistan Investment Bonds	10.2.1	3,683,971	-	3,683,971	2,480,311	635,082	3,115,393
National Investment Trust Units	10.5	54,246	-	54,246	54,246	-	54,246
Ordinary shares in listed companies		626,352	-	626,352	341,689	-	341,689
Ordinary shares in unlisted companies		80,487	-	80,487	80,487	-	80,487
Ordinary shares of related parties							
- Listed shares		59,961	-	59,961	59,961	-	59,961
- Unlisted shares		153,004	-	153,004	153,004	-	153,004
Preference shares in listed company	10.7	140,920	-	140,920	215,920	-	215,920
Preference shares in listed company - related party	10.7	75,000	-	75,000	-	-	-
Listed term finance certificates		876,504	-	876,504	972,366	-	972,366
Unlisted term finance certificates		700,545	-	700,545	1,215,565	-	1,215,565
Units of open-ended mutual funds		3,458,057	-	3,458,057	477,447	-	477,447
Units of closed-end mutual funds		118,673	-	118,673	119,057	-	119,057
Sukuk certificates		6,899,783	-	6,899,783	4,274,026	-	4,274,026
		24,779,365	9,449,871	34,229,236	17,110,352	1,549,904	18,660,256



	2011			2010		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
----- Rupees in '000 -----						
Held-to-maturity securities						
Pakistan Investment Bonds	892,732	-	892,732	923,677	-	923,677
Sukuk certificates	655,766	-	655,766	698,801	-	698,801
	1,548,498	-	1,548,498	1,622,478	-	1,622,478
Investment at cost	28,094,730	9,449,871	37,544,601	19,107,781	1,549,904	20,657,685
Less: Provision for diminution in value of investments	10.3	(672,024)	-	(672,024)	(469,492)	-
Investments - net of provisions	27,422,706	9,449,871	36,872,577	18,638,289	1,549,904	20,188,193
Unrealized (loss) / gain on revaluation of held-for-trading securities - net	10.6	(16,742)	-	(16,742)	1,431	-
Deficit on revaluation of available-for-sale securities - net	20	(186,674)	15,528	(171,146)	(277,635)	(59,259)
Total investments	27,219,290	9,465,399	36,684,689	18,362,085	1,490,645	19,852,730

10.2 Investments by segments

Federal Government Securities:

- Market Treasury Bills
- Pakistan Investment Bonds
- Government of Pakistan - Sukuk

Note

10.2.2

10.2.1

10.2.1

10.2.1

2011

(Rupees in '000)

2010

18,376,659

7,581,095

4,911,100

4,039,070

6,120,587

3,428,455

29,408,346

15,048,620

Fully paid up ordinary shares:

- Listed companies
- Unlisted companies

683,896

716,640

80,487

80,487

764,383

797,127

Related parties:

- Ordinary shares in listed companies
- Ordinary shares in unlisted companies
- Preference shares in listed company

10.7

59,961

59,961

153,004

153,004

75,000

-

287,965

212,965

	Note	2011	2010
		(Rupees in '000)	
Term finance certificates:			
- Listed term finance certificates		876,504	972,366
- Unlisted term finance certificates		700,545	1,215,565
		1,577,049	2,187,931
Units of mutual funds:			
- Open-ended mutual funds		3,758,057	477,447
- Closed-end mutual funds		118,673	119,057
		3,876,730	596,504
Other investments:			
- Preference shares in listed company	10.7	140,920	215,920
- National Investment Trust Units	10.5	54,246	54,246
- Sukuk certificates		1,434,962	1,544,372
		1,630,128	1,814,538
Total investments at cost		37,544,601	20,657,685
Less: Provision for diminution in value of investments	10.3	(672,024)	(469,492)
Investments - net of provisions		36,872,577	20,188,193
Unrealized (loss) / gain on revaluation of held-for-trading securities - net	10.6	(16,742)	1,431
Deficit on revaluation of available-for-sale securities - net	20	(171,146)	(336,894)
Total investments		36,684,689	19,852,730

10.2.1 Principal terms of investments in Federal Government Securities

Name of investment	Yield / Return	Maturity	Redemption	Coupon
Market Treasury Bills	11.80% to 13.91%	January 12, 2012 to November 01, 2012	On maturity	At maturity
Pakistan Investment Bonds	5.60% to 12.99%	April 25, 2012 to October 31, 2021	On maturity	Half yearly
Government of Pakistan - Sukuk	11.79% to 13.28%	September 17, 2012 to December 26, 2014	On maturity	Half yearly

10.2.2 Federal Government Securities other than those offered as collateral, are held by the Bank to meet Statutory Liquidity Requirements (SLR) of the SBP calculated on the basis of time and demand liabilities.



	Note	2011	2010
		(Rupees in '000)	
10.3 Particulars of provision for diminution in value of investments			
Opening balance		469,492	690,189
Charge for the year	10.3.1	202,587	215,341
Reversal on disposal of shares		(55)	(587,023)
		202,532	(371,682)
Transferred from lending to financial institutions	9.5.1	-	150,985
Closing balance	10.3.2	672,024	469,492
10.3.1	This includes impairment charge of Rs. 10,706 million (2010: Rs. 157,291 million) in respect of available-for-sale listed equity securities / mutual funds.		
10.3.2 Particulars of provision in respect of type and segment			
By type			
Available-for-sale securities			
Ordinary shares in listed companies		18,505	15,010
Ordinary shares in unlisted companies		80,486	55,487
Ordinary shares in listed companies - related parties		55,163	48,006
Ordinary shares in unlisted companies - related parties		16,090	6,300
Preference shares in listed company		96,678	96,678
Preference shares in listed company - related party		75,000	-
Units in open-ended mutual funds		91,429	91,429
Units in closed-end mutual funds		46,582	46,582
Term finance certificates / Sukuk certificates		167,091	85,000
Held-to-maturity securities			
Sukuk certificates		25,000	25,000
		672,024	469,492
By segment			
Fully paid up ordinary shares			
Listed companies		18,505	15,010
Unlisted companies		80,486	55,487
Listed companies - related parties		55,163	48,006
Unlisted companies - related parties		16,090	6,300
Units of open-ended mutual funds			
		91,429	91,429
Units of closed-end mutual funds			
		46,582	46,582
Preference shares in listed company			
		96,678	96,678
Preference shares in listed company- related party			
		75,000	-
Term finance certificates / Sukuk certificates			
		192,091	110,000
		672,024	469,492

10.4 Information relating to investment in ordinary shares / certificates of listed and unlisted companies / mutual funds, term finance certificates, sukuku and bonds, which is required to be disclosed as part of the financial statements under State Bank of Pakistan's BSD Circular No. 04 dated February 17, 2006, is disclosed in Annexure "C" to these financial statements. Information relating to quality of available-for-sale securities is given in Annexure "D".

10.5 The Bank had originally invested in 21,822,695 NI(U)T units under Letter of Comfort ("LOC"). The LOC holding represented those units in respect of which the Government of Pakistan ("GoP") had issued a LOC to the Bank and three other banks (here-in-after collectively referred to as LOC Holder's) promising that in the event the redemption price of units of NI(U)T LOC Holders' Fund fell below Rs. 13.70 per unit and the Bank desired to redeem its holding of units, the GoP would facilitate National Investment Trust Limited (NITL) in the redemption of such holding at the rate of Rs. 13.70 per unit. The LOC had been extended from time to time and expired on December 31, 2009. On January 13, 2010, the Bank entered into a settlement agreement (the Agreement) with NITL to settle the issue of units held under LOC. In accordance with the Agreement, the Bank in previous year has recorded the redemption / disposal of 19,118,973 units which were attributable to the Balance Assets and in consideration of those units the Bank has recorded its share of Balance Assets. Remaining 2,703,723 units are attributable to Strategic Assets and such units are continued to be recognized as investment in NI(U)T – Unit holders Fund, as settlement of such units is yet to be finalized. The Strategic Assets comprise of frozen shares of Pakistan State Oil ("PSO") and Sui Northern Gas Pipeline Limited ("SNGPL") and cash and other receivables held in the portfolio of NI(U)T - LOC Holders' Fund. The Balance Assets essentially constituted the remaining portfolio of NI(U)T-LOC Holders' Fund.

It has been agreed that the Strategic Assets will be purchased by and transferred to the National Bank of Pakistan in accordance with the GoP decision at the unit price of Rs. 25.80 per unit based on October 13, 2010 net position of the fund and as such the Bank has recorded the investment in NI(U)T units at such rate at year end. As at December 31, 2011, the NI(U)T units have not been purchased by and transferred to National Bank of Pakistan.

10.6 "Unrealized (loss) / gain on revaluation of held-for-trading securities"

Market Treasury Bills
Pakistan Investment Bonds
Units in open-ended mutual funds
Ordinary shares in listed companies

2011	2010
(Rupees in '000)	
(1,151)	-
(8,442)	-
1,185	-
(8,334)	1,431
(16,742)	1,431



	Note	2011	2010
(Rupees in '000)			
II. ADVANCES			
Loans, cash credits, running finances, etc.			
In Pakistan		24,188,864	20,404,151
Outside Pakistan		-	-
		24,188,864	20,404,151
Net investment in Ijarah:			
In Pakistan	11.2	818,408	538,307
Outside Pakistan		-	-
		818,408	538,307
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		151,422	219,408
Payable outside Pakistan		126,017	110,167
		277,439	329,575
Advances - gross	11.1	25,284,711	21,272,033
Less: Provision for non-performing advances	11.4	(2,996,912)	(3,033,700)
Advances - net of provision		22,287,799	18,238,333
11.1 Particulars of advances - gross			
11.1.1 In local currency		25,284,711	21,272,033
In foreign currencies		-	-
		25,284,711	21,272,033
11.1.2 Short term (for up to one year)		18,274,299	10,300,266
Long term (for over one year)		7,010,412	10,971,767
		25,284,711	21,272,033
11.2 Net investment in Ijarah			
Ijarah under finance method	11.2.1	184,213	267,207
Ijarah under IFAS-2	11.2.2	634,195	271,100
		818,408	538,307



11.2.1 Ijarah under finance method

	2011				2010			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
	----- (Rupees in '000) -----							
Ijarah rentals receivable	23,447	119,232	15,289	157,968	61,331	180,283	17,794	259,408
Residual value	25,927	22,292	140	48,359	435	31,095	135	31,665
Minimum Ijarah rentals	49,374	141,524	15,429	206,327	61,766	211,378	17,929	291,073
Profit for future periods	(2,319)	(14,273)	(5,522)	(22,114)	(7,166)	(11,211)	(5,489)	(23,866)
Net investment in Ijarah	<u>47,055</u>	<u>127,251</u>	<u>9,907</u>	<u>184,213</u>	<u>54,600</u>	<u>200,167</u>	<u>12,440</u>	<u>267,207</u>

11.2.2 Ijarah under IFAS-2

Ijarah assets under IFAS-2 are stated at cost of Rs. 772.667 million (2010: Rs. 366.150 million) less accumulated depreciation of Rs. 138.472 million (2010: Rs. 95.050 million) in accordance with the SBP letter No. BPRD/BLRD-04/2008-6268.

- 11.3** Advances include amounts aggregating to Rs. 3,938.731 million (2010: Rs. 4,117.581 million) which have been placed under non-performing status as detailed below:

Category of classification	2011								
	Classified Advances			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	----- (Rupees in '000) -----								
Other Assets - Especially Mentioned*	4,529	-	4,529	-	-	-	-	-	-
Substandard	299,153	-	299,153	53,690	-	53,690	53,690	-	53,690
Doubtful	218,942	-	218,942	81,799	-	81,799	81,799	-	81,799
Loss	3,416,107	-	3,416,107	2,853,172	-	2,853,172	2,853,172	-	2,853,172
	<u>3,938,731</u>	<u>-</u>	<u>3,938,731</u>	<u>2,988,661</u>	<u>-</u>	<u>2,988,661</u>	<u>2,988,661</u>	<u>-</u>	<u>2,988,661</u>

Category of classification	2010								
	Classified Advances			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	----- (Rupees in '000) -----								
Other Assets - Especially Mentioned*	5,416	-	5,416	-	-	-	-	-	-
Substandard	412,813	-	412,813	31,543	-	31,543	31,543	-	31,543
Doubtful	178,492	-	178,492	57,031	-	57,031	57,031	-	57,031
Loss	3,520,860	-	3,520,860	2,936,109	-	2,936,109	2,936,109	-	2,936,109
	<u>4,117,581</u>	<u>-</u>	<u>4,117,581</u>	<u>3,024,683</u>	<u>-</u>	<u>3,024,683</u>	<u>3,024,683</u>	<u>-</u>	<u>3,024,683</u>

* Other Assets Especially Mentioned category pertains to agricultural finance only.

11.3.1 The SBP vide BSD circular No. 10 of 2009 dated October 20, 2009 had allowed banks to avail the benefit of 40% of the forced sales values of certain collaterals mortgaged with them while determining provisioning requirement against non-performing financings, which was amended during the year, vide BSD circular No. 1 of 2011 dated October 21, 2011. However, as per the circular, the Banks may avail the benefit of provisioning subject to the condition that it shall not be available for the payment of cash or stock dividend. As at December 31, 2011, the Bank has availed cumulative benefit of forced sale values amounting to Rs. 604.650 million.

11.4 Particulars of provision against non-performing advances

Note	2011			2010		
	Specific	General	Total	Specific	General	Total
	------(Rupees in '000)-----					
Opening balance	3,024,683	9,017	3,033,700	2,972,778	12,006	2,984,784
Transferred from lendings to financial institutions	38,142	-	38,142	-	-	-
Charge for the year	317,263	1,487	318,750	334,067	1,248	335,315
Reversals	(274,405)	(2,253)	(276,658)	(282,162)	(4,237)	(286,399)
	42,858	(766)	42,092	51,905	(2,989)	48,916
Amounts written off	(117,022)	-	(117,022)	-	-	-
Closing balance	2,988,661	8,251	2,996,912	3,024,683	9,017	3,033,700

11.5 Particulars of write-offs

Note	2011	2010
	(Rupees in '000)	
11.5.1 Against provisions Directly charged to profit and loss account	117,022	-
	-	-
	117,022	-
11.5.2 Write-offs of Rs. 500,000 and above Write-offs of Rs. below Rs. 500,000	93,277	-
	23,745	-
	117,022	-

11.5.3 Details of loan write-off or other financial relief of Rs. 500,000 and above:

In terms of sub-section (3) of section 33A of the Banking Companies Ordinance, 1962, a Statement in respect of written off loans or financial relief of Rs. 500,000 or above allowed to a person(s) during the year ended December 31, 2011 is given in Annexure 'B'. However, these write-offs do not affect the Bank's right to recover debts from these customers.



11.5.4 Write-offs pertaining to fiscal relief:

This includes Rs. 63.168 million (2010: Rs. Nil) write offs by the Bank as per the instructions of SBP in respect of relaxation under the fiscal relief to the borrowers in pursuance of Prime Minister's announcement of Fiscal Relief Package to rehabilitate the economic life in Khyber Pakhtunkwa, Federally Administered Tribal Area (FATA) and Provincial Administered Tribal Area (PATA).

11.6 Particulars of loans and advances to directors, related parties, etc.

Debts due by directors, executives or officers of the Bank or any of them either severally or jointly with any other persons

	Note	2011	2010
		(Rupees in '000)	
Balance at beginning of year		620,398	554,180
Loans granted during the year		491,213	129,109
Repayments		(276,598)	(62,891)
Balance at end of year		835,013	620,398
12. OPERATING FIXED ASSETS			
Capital work-in-progress	12.1	122,665	85,392
Property and equipment	12.2	1,171,076	1,028,122
Intangible assets	12.3	8,081	8,040
		1,301,822	1,121,554
12.1 Capital work-in-progress			
Leasehold improvements		-	45,801
Office equipment		-	38,020
Lease conversion charges paid to Cantonment Board		70,722	-
Advances to suppliers and contractors		51,943	1,571
		122,665	85,392

12.2 Property and equipment

Description	COST / REVALUATION				ACCUMULATED DEPRECIATION					
	As at January 01, 2011	Transfers during the year	Additions / (Disposals) / Adjustment	As at December 31, 2011	As at January 01, 2011	Transfers during the year	Charge for the year / (depreciation on disposals) / (Adjustments)	As at December 31, 2011	Book Value as at December 31, 2011	Depreciation Rate (%)
----- (Rupees in '000) -----										
Leasehold land (12.2.2 & 12.2.3)	-	807,298	-	807,298	-	-	-	-	807,298	-
Freehold land	807,298	(807,298)	18,705	18,705	-	-	-	-	18,705	-
Building on leasehold land	11,620	-	-	11,620	9,220	-	240	9,460	2,160	10
Building on freehold land	1,964	-	37,303	39,267	1,665	-	2,517	4,182	35,085	10
Furniture and fixture	123,432	(46,015) *	22,391 (9,531) (684)	89,593	56,912	(17,893) *	6,854 (6,866) (548)	38,459	51,134	10 - 20
Office equipment	183,894	12,908 *	63,175 (13,756) (3,709)	242,512	99,346	2,460 *	28,780 (12,885) (3,131)	114,570	127,942	10 - 20
Vehicles	26,408	(747) *	3,266 (5,374)	23,553	10,893	84 *	3,033 (3,398)	10,612	12,941	20
Library books	691	(78) *	10	623	387	-	28	415	208	10
Renovation / Premises	60,721	33,932 *	71,821	166,474	9,483	15,349	26,039	50,871	115,603	20
	1,216,028	-	216,671 (28,661) (4,393)	1,399,645	187,906	-	67,491 (23,149) (3,679)	228,569	1,171,076	

* Refer note (12.2.1)



Description	COST / REVALUATION				ACCUMULATED DEPRECIATION				Book Value as at December 31, 2010	Depreciation Rate (%)
	As at January 01, 2010	Transfers during the year	Additions / (Disposals) / Adjustment	As at December 31, 2010	As at January 01, 2010	Transfers during the year	Charge for the year / (depreciation on disposals) / (Adjustments)	As at December 31, 2010		
------(Rupees in '000)-----										
Freehold land (12.2.2)	807,298	-	-	807,298	-	-	-	-	807,298	-
Building on freehold land	11,620	-	-	11,620	8,952	-	268	9,220	2,400	10
Building on other land	1,964	-	-	1,964	1,632	-	33	1,665	299	10
Furniture and fixture	95,532	-	30,741 (2,841)	123,432	50,482	-	8,554 (2,124)	56,912	66,520	10 - 20
Office equipment	135,474	-	50,692 (2,272)	183,894	84,472	-	15,234 (360)	99,346	84,548	10 - 20
Vehicles	64,489	-	2,966 (41,047)	26,408	25,081	-	5,437 (19,625)	10,893	15,515	20
Library books	607	-	84	691	357	-	30	387	304	10
Renovation / Premises	-	-	60,721	60,721	-	-	9,483	9,483	51,238	20
	1,116,984	-	145,204 (46,160)	1,216,028	170,976	-	39,039 (22,109)	187,906	1,028,122	

12.2.1 During the year, the Bank through appointment of a consultant carried out physical verification of its property and equipment to reconcile its fixed assets register and general ledger. As a result of this, assets amounting to Rs. 46.015 million (cost) and corresponding accumulated depreciation were transferred from 'furniture and fixture' to other categories.

12.2.2 Conversion of old grant site right into regular lease

During the year, freehold land of Rs. 807.290 million was transferred to leasehold land as the Cantonment Board converted the old grant site into regular lease at the request of the Bank.

12.2.3 Revaluation of leasehold land

The leasehold land was revalued by an independent professional valuer M/s Amir Evaluators and Consultants on June 20, 2009. The valuation was carried out on the basis of professional assessment of present market values and resulted in a surplus of Rs. 765.740 million. Had there been no revaluation, the carrying amount of revalued land would have been Rs. 41.558 million respectively.

12.2.4 Details of disposals of fixed assets

The details of assets disposed off during the year, having original cost or the book value exceeding Rs. 1.000 million or Rs. 0.250 million, (whichever is lower) are as follows:

Description	Cost	Accumulated Depreciation	Net Book Value	Sale proceeds	Mode of Disposal	Particular of Purchaser
	------(Rupees in '000)-----					
Furniture and fixtures & office equipment						
Furniture and fixtures	1,601	817	784	55	Auction	M/s. Nasir Tractors Nowshera
Furniture and fixtures	1,856	1,676	180	1,942	Auction	National Insurance Company
Furniture and fixtures	2,980	2,529	451	201	Auction	Mr. Faiz Ullah Khan
Furniture and fixture	524	232	292	308	Auction	Mr. Ibrahim
Furniture and fixture	892	634	258	125	Auction	Mr. Rao Asif Masood
Office equipment	10,773	10,138	635	283	Auction	Mr. Faiz Ullah Khan
Vehicles						
Honda City LED 7706	758	50	708	735	Auction	Mr. Saeed Akhter
Suzuki Alto B-3150	488	196	292	525	Auction	Mr. Naveed Ahmed Khan
Suzuki Alto BA-2546	480	193	287	582	Auction	Mr. Naveed Ahmed Khan
Toyota Corolla A-1049	1,119	971	148	652	Auction	Mr. Ayaz Ahmed (employee)

12.3 Intangible assets

Description	COST			ACCUMULATED AMORTIZATION			Book Value as at December 31,	Amortization Rate (%)
	As at January 1,	Additions / (Disposals) / Adjustments	As at December 31,	As at January 01,	Charge for the year	As at December 31,		
	------(Rupees in '000)-----							
Software 2011	9,980	3,410	13,390	1,940	3,369	5,309	8,081	33.33%
Software 2010	-	9,980	9,980	-	1,940	1,940	8,040	33.33%



13. DEFERRED TAX ASSET - NET

Deferred tax asset arising in respect of:

Provision for balances with other banks
 Deficit on revaluation of investments
 Provision for diminution in the value of investments
 Provision for non-performing loans
 Provision for other assets
 Provision for Workers Welfare Fund
 Capital loss carried forward
 Stabilization reserve

Deferred tax liability arising in respect of:

Accelerated tax depreciation
 Surplus on revaluation of investment

Deferred tax asset - net

2011

2010

(Rupees in '000)

3,510	3,510
85,923	153,605
106,840	62,845
18,230	180,681
3,448	3,448
20,333	9,947
24,630	26,459
40,066	32,528
302,980	473,023
(32,440)	(19,506)
(15,450)	(10,197)
(47,890)	(29,703)
255,090	443,320

13.1 Deferred tax asset-net**Deferred tax asset arising in respect of:**

	Balance as at January 1, 2010	Recognised in Profit and Loss Account	Recognised in Equity	Balance as at December 31, 2010	Recognised in Profit and Loss Account	Recognised in Equity	Balance as at December 31, 2011
Provision for balances with other banks	3,510	-	-	3,510	-	-	3,510
Deficit on revaluation of investments	117,531	-	36,074	153,605	-	(67,682)	85,923
Provision for diminution in the value of investments	70,806	(7,961)	-	62,845	43,995	-	106,840
Provision for non performing loans	279,070	(98,389)	-	180,681	(162,451)	-	18,230
Provision for other assets	4,367	(919)	-	3,448	-	-	3,448
Capital loss carried forward	-	26,459	-	26,459	(1,829)	-	24,630
Provision for Workers Welfare Fund	-	9,947	-	9,947	10,386	-	20,333
Stabilization reserve	17,703	14,825	-	32,528	7,538	-	40,066
	<u>492,987</u>	<u>(56,038)</u>	<u>36,074</u>	<u>473,023</u>	<u>(102,361)</u>	<u>(67,682)</u>	<u>302,980</u>

Deferred tax liability arising in respect of:

Accelerated tax depreciation	(17,560)	(1,946)	-	(19,506)	(12,934)	-	(32,440)
Surplus on revaluation of investment	(19,007)	-	8,810	(10,197)	-	(5,253)	(15,450)
	<u>(36,567)</u>	<u>(1,946)</u>	<u>8,810</u>	<u>(29,703)</u>	<u>(12,934)</u>	<u>(5,253)</u>	<u>(47,890)</u>
Deferred tax asset - net	<u>456,420</u>	<u>(57,984)</u>	<u>44,884</u>	<u>443,320</u>	<u>(115,295)</u>	<u>(72,935)</u>	<u>255,090</u>

	Note	2011	2010
(Rupees in '000)			
14. OTHER ASSETS			
Income / mark-up accrued in local currency		1,154,955	897,912
Advances, deposits, advance rent and other prepayments		214,894	186,847
Advance taxation (payments less provisions)		83,283	402,079
Non-banking assets acquired in satisfaction of claims	14.1	331,124	408,398
Stationery and stamps on hand		8,773	7,892
Inventories	14.2 & 22.2	27,470	130,584
Receivables against sale of securities		1,832	32,523
Others		86,551	64,854
		1,908,882	2,131,089
Less: Provision held against other assets	14.3	(144,724)	(137,220)
		1,764,158	1,993,869

14.1 The market value of non-banking assets approximates their carrying value, i.e., amounting to Rs. 291.584 million (2010: Rs. 380.960 million).

14.2 The amount represents the cost of goods purchased by the agents of the Bank under agency agreements to be sold under murabaha arrangements.

14.3 Provision held against other assets

Opening balance		137,220	139,847
Charge for the year		37,035	-
Reversal for the year		(17,226)	-
	27	19,809	
Amounts written off		(12,305)	(2,627)
Closing balance		144,724	137,220

15. BILLS PAYABLE

In Pakistan		281,292	280,665
Outside Pakistan		-	-
		281,292	280,665

16. BORROWINGS

In Pakistan		10,391,732	2,889,694
Outside Pakistan		-	5,065
		10,391,732	2,894,759



	Note	2011	2010
(Rupees in '000)			
16.1 Particulars of borrowings with respect to currencies			
In local currency		10,391,732	2,894,759
In foreign currencies		-	-
		10,391,732	2,894,759
16.2 Details of borrowings			
Secured			
Borrowings from State Bank of Pakistan:			
Under export refinance scheme	16.2.1	977,362	616,720
Agriculture financing scheme	16.2.2	2,620	500
SME financing scheme	16.2.3	12,000	-
		991,982	617,220
Repurchase agreement borrowings	16.2.4	9,399,750	2,272,474
		10,391,732	2,889,694
Unsecured			
Call borrowings		-	-
Foreign credit line	16.3	-	5,065
		-	5,065
		10,391,732	2,894,759

16.2.1 The Bank has entered into agreements for financing with the SBP for extending export finance to customers. As per the agreements, the Bank has granted to SBP the right to recover the outstanding amount from the Bank at the date of maturity of finance by directly debiting the current account maintained by the Bank with the SBP. These carry mark-up at the rate of 10% (2010: 6%) per annum. The borrowings are repayable within 180 days from the deal date.

16.2.2 The Bank adopted the Sada Bahar Zarai Loan (SBZL) scheme introduced by the SBP for development of agricultural sector. During the year, SBP refinanced SBZL as implementation of refinancing arrangement with the Bank. It carries mark up at the rate of 6.75%.

16.2.3 This represents SBP refinance scheme for the Modernization of SME's. Under this scheme the loan is refinanced up to 75% by SBP. It carries mark-up at the rate 6.75%.

16.2.4 Repurchase agreements with financial institutions carries interest rate ranging from 11.50% to 13.31% per annum (2010: 12.70% to 13.90%) with maturities upto January 23, 2012 and are secured by way of investments given as collateral as referred in note 10.1.

	Note	2011	2010
		(Rupees in '000)	
16.3 Foreign credit line			
Opening balance		5,065	15,194
Repaid during the year		(5,065)	(10,129)
Closing balance		-	5,065
17. DEPOSITS AND OTHER ACCOUNTS			
Customers			
Fixed deposits		22,707,527	15,973,975
Savings deposits		11,986,226	13,528,160
Current accounts - Non-remunerative		8,586,862	5,610,251
Call deposits		635,380	443,888
Margin and sundry deposits		742,502	675,025
		44,658,497	36,231,299
Financial Institutions			
Remunerative deposits		889,384	750,025
Non-remunerative deposits		542	27
		889,926	750,052
		45,548,423	36,981,351
17.1 Particulars of deposits			
In local currency		45,196,115	36,692,539
In foreign currencies		352,308	288,812
		45,548,423	36,981,351
18. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		1,022,946	602,817
Mark-up / return / interest payable in foreign currency		541	542
Unearned commission and income on bills discounted		35,724	20,099
Accrued expenses		59,457	24,535
Branch adjustment account		55,485	74,461
Payable to gratuity fund	33.2	113,198	936
Share subscription money refund		1,091	885
Mark-up in suspense		99,237	80,572
Deferred income on murabaha		60,253	56,380
Security deposits against Ijarah		166,104	102,749
Payable to Worker's Welfare Fund		58,095	28,421
Payable against purchase of security		24,560	199,650
Others	18.1	140,834	45,108
		1,837,525	1,237,155



- 18.1** This includes Rs. 55.007 million (2010: Nil) received in advance from the Government of Khyber Pakhtunkhwa against the service fee with respect to various poverty reduction schemes launched by the Provincial Government through the Bank to overcome the unemployment in the province resulting from the "War on Terror" and to facilitate and promote entrepreneurship. The Bank acts as an agent and has been made responsible to disburse and subsequently collect the loan from borrowers and charges service fee to the Government of Khyber Pakhtunkhwa for acting as an agent.

19. SHARE CAPITAL

19.1 Authorized capital

2011	2010	Note	2011	2010
Number of shares			(Rupees in '000)	
<u>1,000,000,000</u>	<u>800,000,000</u>	Ordinary shares of Rs.10 each	<u>10,000,000</u>	<u>8,000,000</u>
19.2 Issued, subscribed and paid up capital				
Fully paid ordinary shares of Rs. 10/- each				
		Ordinary shares		
<u>722,698,448</u>	<u>400,298,448</u>	Fully paid in cash	<u>7,226,984</u>	<u>4,002,984</u>
<u>100,101,700</u>	<u>100,101,700</u>	Issued as fully paid bonus shares	<u>1,001,017</u>	<u>1,001,017</u>
<u>822,800,148</u>	<u>500,400,148</u>	19.3 & 19.4	<u>8,228,001</u>	<u>5,004,001</u>

- 19.3** At December 31, 2011, the Government of Khyber Pakhtunkhwa and Ismail Industries Limited held 577,638,808 (2010: 255,259,396) and 70,867,113 (2010: 70,867,113) ordinary shares of Rs. 10 each respectively.

19.4 Reconciliation of number of ordinary shares of Rs 10/- each.

Shares at the beginning of the year	<u>500,400,148</u>	500,400,148
Add: Issued during the year for cash	<u>322,400,000</u>	-
Shares at the end of the year	<u>822,800,148</u>	<u>500,400,148</u>

20. SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS - NET OF TAX

(Deficit) / Surplus on revaluation of available-for-sale securities

	Note	2011	2010
		(Rupees in '000)	
Federal Government securities			
- Market Treasury Bills		12,931	(32,887)
- Pakistan Investment Bonds		(213,012)	(382,592)
Fully paid up ordinary shares - listed		(66,950)	38,062
Term finance certificates - listed		(13,352)	(26,744)
Sukuk certificates		-	3,353
Units in open-ended mutual funds		98,657	55,893
Units in closed-end mutual funds		10,580	8,021
Surplus on revaluation of fixed assets	10.1 & 10.2	(171,146)	(336,894)
- Leasehold land	12.2.3	765,740	765,740
Deferred tax asset		594,594	428,846
		70,473	143,408
		665,067	572,254
21. CONTINGENCIES AND COMMITMENTS			
21.1 Direct credit substitutes			
Contingent liabilities in respect of guarantees given favouring:			
Banks		-	-
Others		79,000	142,251
		79,000	142,251
21.2 Transaction-related contingent liabilities			
Contingent liabilities in respect of performance bonds, bid bonds, warranties etc. given favouring:			
Government		3,578,536	3,133,843
Others		2,419,261	2,106,312
	21.2.1	5,997,797	5,240,155
21.2.1			
The above amount includes expired letters of guarantee aggregating to Rs. 1,669.730 million as at December 31, 2011 (2010: Rs. 318.180 million) for which the formalities relating to return of the original documents are in process.			



	Note	2011	2010
(Rupees in '000)			
21.3 Trade-related contingent liabilities			
Letters of credit			
Sight		1,653,044	1,471,027
Usance		472,242	193,198
		2,125,286	1,664,225
Acceptances		259,732	101,176
		2,385,018	1,765,401
21.4 Commitments in respect of forward exchange contracts			
Purchase		239,575	79,792
Sale		260,533	80,717
21.4.1	All forward exchange contracts are backed by trade related transactions to meet the needs of the Bank's clients to generate trading revenues and, as part of its asset and liability management activity, to hedge its own exposure to currency risk. At the year end, all foreign exchange contracts have a remaining maturity of less than one year.		
21.5 Other commitments			
Bills for collection			
Inland bills		93,955	29,627
Foreign bills		214,771	222,358
		308,726	251,985

21.6 Commitments to extend credit

The Bank makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.

21.7 Commitment for the acquisition of operating fixed assets

Commitments as on reporting date amounts to Rs. 59.597 million (2010: Rs. 15.068 million).

21.8 The income tax assessments of the Bank have been finalized upto and including tax year 2011

While finalizing the assessments for the assessment years 1998-99 and 1999-2000 the Deputy Commissioner of Income Tax (DCIT) has made additions to income on account of mark-up taken to reserve in accordance with the requirements of Prudential Regulations amounting to Rs. 59.602 million and on account of provisions against non-performing advances charged to income amounting to Rs. 71.369 million resulting in additional tax demands of Rs. 34.569 million and Rs. 41.394 million respectively.

The management of the Bank is confident that the appeals filed in respect of the aforementioned assessment years will be decided in Bank's favour. Accordingly, no provision has been made in the financial statements of the Bank.

During the year, the tax authorities have issued an amended order for the tax year 2009 disallowing certain expenditures on account of lack of evidence for such expenditure resulting in an additional tax demand of Rs. 308.9 million. The Bank has filed an appeal as well as rectification application against the said order. Based on rectification application the order was amended and accordingly the additional demand is reduced to Rs. 256.349 million. The management has again applied for the rectification of order and is confident that this matter will be decided in favor of the Bank. Consequently, no provision has been made in respect of this amount in the financial statements.

21.9 The State Bank of Pakistan's Committee for Resolution of Cases (CRC) and Committee for Revival of Sick Industrial Units (CRSIU) had finalized the settlement of certain non performing loans of the Bank having principal amounting to Rs. 364.401 million and overdue mark-up amounting to Rs. 132.916 million for an aggregate amount of Rs. 165.781 million. During the year 2007, the Board of Directors had allowed implementation of CRC / CRSIU decisions on the "no choice" basis. Accordingly, four cases have been adjusted whereas payments in three cases are being received in terms of settlement agreement. The remaining one case, decided by CRC, against payment of Rs. 8.058 million could not be implemented by the customer and the Bank, after cancellation of settlement, has gone into litigation against the party for recovery of the balance decretal amount.

22. MARK-UP / RETURN / INTEREST EARNED

	Note	2011	2010
		(Rupees in '000)	
On loans and advances to:			
Customers			
- Profit on murabaha financing	22.1	212,758	170,080
- Mark-up / return / interest earned on other facilities		2,665,454	1,929,251
		2,878,212	2,099,331
On investments in:			
Held-for-trading securities		254,404	49,959
Available-for-sale securities		3,302,587	1,669,939
Held-to-maturity securities		139,580	191,824
		3,696,571	1,911,722
On deposits with financial institutions		168,885	158,911
On securities purchased under resale agreements		203,159	37,191
		6,946,827	4,207,155



	Note	2011	2010
(Rupees in '000)			
22.1 Profit on murabaha financing			
Murabaha sale price		2,265,143	2,168,364
Less: Purchase price	22.2	(2,048,562)	(1,979,394)
		216,581	188,970
Less: Deferred murabaha income		(3,823)	(18,890)
		212,758	170,080
22.2 Purchase price			
Opening stock		130,584	38,990
Purchase price		1,945,448	2,070,988
Less: Closing stock	14	(27,470)	(130,584)
		2,048,562	1,979,394
23. MARK-UP / RETURN / INTEREST EXPENSED			
Deposits		3,383,981	2,253,440
Securities sold under repurchase agreement borrowings		1,095,235	596,133
Other short-term borrowings		72,199	73,891
Long-term borrowings		279	1,393
Others		248	209
		4,551,942	2,925,066
24. GAIN / (LOSS) ON SALE OF SECURITIES			
Federal Government Securities		151,074	(10,541)
Ordinary shares		9,152	(327,748)
Term finance certificates		34	(9,393)
Units in mutual funds		9,123	61,748
		169,383	(285,934)
25. OTHER INCOME			
Gain on sale of operating fixed assets		2,700	12,013
Others		62,442	53,993
		65,142	66,006

Note

2011

2010

26. ADMINISTRATIVE EXPENSES

(Rupees in '000)

Salaries and allowances		774,343	500,752
Charge for defined benefit plan	33.6	112,262	18,990
Contribution to defined contribution plan - Provident Fund	34	36,693	22,833
Rent, taxes, insurance, electricity, etc.		168,925	121,484
Legal and professional charges		24,719	18,349
Communications		41,194	34,187
Repairs and maintenance		14,509	14,614
Stationery and printing		20,303	14,869
Advertisement and publicity		45,710	20,303
Donations	26.1	225	123
Auditors' remuneration	26.2	6,320	3,856
Depreciation	12.2	67,491	39,039
Amortization	12.3	3,369	1,940
Public offer expenses		-	1,233
Brokerage and commission		9,530	6,647
Entertainment		13,408	11,152
Travelling, boarding and lodging		31,838	26,472
Vehicle expenses		6,357	16,491
Newspapers and periodicals		924	907
Training		8,247	4,981
Sports		465	27
Others		81,648	64,431
		1,468,480	943,680

26.1 Donations include following amount exceeding Rs. 100,000

None of the directors, executives and their spouses have any interest in donation made during the year. The donation amounting to Rs. 225,000 was made to M/s. Abasin Art Council, Peshawar, during the year

26.2 Auditors' remuneration

Audit fee	1,650	1,500
Fee for half-yearly review	715	646
Special certifications and sundry advisory services	3,414	1,075
Out-of-pocket expenses	541	635
	6,320	3,856



	Note	2011	2010
(Rupees in '000)			
27. OTHER PROVISIONS / WRITE OFFS / (REVERSALS)			
Provision / (reversal) against lendings to financial institutions	9.5	38,142	(5,705)
Loss on disposal of non-banking assets acquired under satisfaction of claims		29,305	-
Provision against other assets	14.3	19,809	-
Write off of operating fixed assets		714	-
		87,970	(5,705)
28. OTHER CHARGES			
Penalties imposed by State Bank of Pakistan		8,955	599
Workers Welfare Fund		29,408	12,817
		38,363	13,416
29. TAXATION			
Current - for the year		271,550	89,631
- for prior years		26,306	2,040
Deferred tax		115,294	57,984
		413,150	149,655
29.1 Relationship between tax expense and accounting profit			
Profit before taxation		1,285,458	713,141
Tax at the applicable rate of 35% (2010: 35%)		449,910	249,599
Tax effect of dividend income taxed at different rate		(55,778)	(18,712)
Effect of different tax rates used		(4,568)	(139,545)
Tax effect of capital loss carried forward		-	66,147
Prior year tax		26,306	2,040
Tax effect of permanent differences		(13,445)	-
Tax effect of temporary differences between the carrying-amounts of assets and liabilities for Financial reporting- purposes and the amount used for taxation purposes		1,512	-
Others		9,213	(9,874)
		413,150	149,655

Note

2011

2010

30. EARNINGS PER SHARE - BASIC AND DILUTED

Profit for the year

(Rupees in '000)

872,308	563,486
----------------	---------

Number of shares

Weighted average number of ordinary shares

617,400,148	500,400,148
--------------------	-------------

Rupees

Earnings per share - Basic and Diluted

1.41	1.13
-------------	------

There is no dilution effect on basic earnings per share.

31. CASH AND CASH EQUIVALENTSCash and balance with treasury banks
Balance with other banks

(Rupees in '000)

2,802,781	5,080,521
1,527,561	1,501,883

4,330,342	6,582,404
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32. STAFF STRENGTHPermanent
Temporary / on contractual basis
Daily wagers

Number of persons

890	795
492	398
2	5

1,384	1,198
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33. DEFINED BENEFIT PLAN**33.1** General description of the type of defined benefit plan and the accounting policy for recognizing actuarial gains and losses are disclosed in note 6.8.1 to these financial statements.**33.2 Reconciliation of payable to defined benefit plan**Present value of defined benefit obligations
Fair value of plan assets33.3
33.4

(Rupees in '000)

(269,845)	(173,454)
156,647	172,518

(113,198)	(936)
------------------	-------



	Note	2011	2010
		(Rupees in '000)	
33.3 Movement in payable to defined benefit obligation			
Opening balance		(173,454)	(154,302)
Current service cost		(34,429)	(20,334)
Interest cost		(22,549)	(18,516)
Actuarial (losses) / gain		(49,069)	9,216
Benefits paid during the year		9,656	10,482
Closing balance		(269,845)	(173,454)
33.4 Movement in fair value of plan assets			
Fair value at the beginning of the year		172,518	172,356
Expected return on plan assets		22,427	20,682
Benefits paid by the fund		(9,656)	(10,482)
Actuarial loss on plan assets		(28,642)	(10,038)
Fair value at the end of the year		156,647	172,518
33.5 Movement in (payable to) / receivable from defined benefit plan			
Opening balance		(936)	18,054
Charge for the year	33.6	(112,262)	(18,990)
Closing balance		(113,198)	(936)
33.6 Amount charged to profit and loss			
Current service cost		(34,429)	(20,334)
Interest cost		(22,549)	(18,516)
Expected return on plan assets		22,427	20,682
Actuarial losses recognized in the year		(77,711)	(822)
		(112,262)	(18,990)
33.7 Actual return on plan assets			
The actual return earned on the assets during the year are:			
Expected return on plan assets		22,427	20,682
Actuarial loss on plan assets		(28,642)	(10,038)
		(6,215)	10,644

2011

2010

(Rupees in '000)

33.8 Components of plan assets as a percentage of total plan assets

Equity instruments	15.68%	20.90%
Debt instruments	73.00%	67.07%
Others (including bank balances)	11.32%	12.03%
	100%	100%

33.9 Principal actuarial assumptions

The latest actuarial valuation was carried out as at December 31, 2011. Projected unit credit actuarial cost method, using following significant assumptions was used for the valuation of the gratuity fund.

Discount rate	12.5%	13.0%
Expected rate of return on plan assets	13.0%	12.0%
Expected rate of salary increase	11.5%	12.0%
Number of employees covered under retirement benefit plan	890	795
Weighted Average expected remaining working life of employees (years)	14	14

33.10 Five year data of defined benefit plan and experience adjustments

	2011	2010	2009	2008	2007
	(Rupees in '000)				
Present value of defined obligations	(269,845)	(173,454)	(154,302)	(135,725)	(77,977)
Fair value of plan assets	156,647	172,518	172,356	174,745	175,143
(Deficit) / surplus	(113,198)	(936)	18,054	39,020	97,166
Experience adjustment arising on plan liabilities gain / (loss)	(49,069)	9,216	(5,370)	(43,073)	2,147
Experience adjustment arising on plan assets (loss) / gain	(28,642)	(10,038)	(16,039)	(11,020)	Nil



34. DEFINED CONTRIBUTION PLAN

During the year, the Bank has contributed Rs. 36.693 million (2010: Rs. 22.833 million) to the provident fund.

35. COMPENSATION OF DIRECTORS AND EXECUTIVES

	Managing Director		Directors		Executives	
	2011	2010	2011	2010	2011	2010
	----- (Rupees in '000) -----					
Fees	-	-	1,030	575	-	-
Managerial remuneration	5,544	4,620	3,024	2,520	49,269	30,541
Charge for defined benefit plan	-	-	-	-	5,808	5,090
Contribution to defined contribution plan	-	-	-	-	4,977	4,581
Rent and house maintenance	528	528	360	360	14,931	9,305
Utilities	84	185	324	252	11,695	3,102
Medical	424	197	92	56	4,977	3,102
Bonus	231	193	126	105	3,671	3,108
Conveyance / Car benefit allowance / Fuel	378	577	504	455	37,531	20,907
Others	1,213	645	1,163	296	960	11,133
	8,402	6,945	6,623	4,619	133,819	90,869
Number of persons	1	1	8	8	52	45

35.1 The Managing Director, an executive director and certain executives have been provided with Bank maintained car in accordance with the terms of their employment.

35.2 The fee is paid to non-executive directors for attending meetings.

36. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of quoted investments other than those classified as held to maturity is based on quoted market prices. The fair value of unquoted equity investments is determined on the basis of break-up value of these investments as per their latest available audited financial statements.

The fair value of fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to the absence of current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Bank's accounting policy as stated in note 6.4.

The maturity and repricing profile and effective rates are stated in notes 41.5.1 and 41.4.3 respectively.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since assets and liabilities are either short-term in nature or in the case of customer loans and deposits, are frequently repriced.

37. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

The segment analysis with respect to business activity is as follows:

	2011				
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Total
	------(Rupees in '000)-----				
Total income	2,639,973	634,285	419,749	3,982,830	7,676,837
Total expenses	2,535,825	588,037	335,028	3,345,639	6,804,529
Net income	104,148	46,248	84,721	637,191	872,308
Segment assets- Gross	24,845,208	3,661,987	7,587,751	36,267,813	72,362,759
Segment non performing loans	-	73,293	42,247	3,823,191	3,938,731
Segment provision required	146,315	837,470	139,288	2,825,249	3,948,322
Segment liabilities	14,602,159	11,721,751	3,248,288	28,486,774	58,058,972
Segment return on assets (ROA) (%)	0.42%	1.26%	1.12%	1.76%	
Segment cost of funds (%)	17.37%	5.02%	10.31%	11.74%	

	2010				
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Total
	------(Rupees in '000)-----				
Total income	448,551	2,209,504	205,513	1,403,264	4,266,832
Total expenses	1,299,936	451,901	408,279	1,543,230	3,703,346
Net income (loss)	(851,385)	1,757,603	(202,766)	(139,966)	563,486
Segment assets- Gross	13,994,672	19,797,341	2,176,707	18,670,326	54,639,046
Segment non performing loans	506,378	47,365	95,605	3,468,233	4,117,581
Segment provision required	342,477	18,325	87,344	2,585,554	3,033,700
Segment liabilities	14,319,144	2,885,089	5,044,214	19,145,483	41,393,930
Segment return on assets (ROA) (%)	-6.08%	8.88%	-9.32%	-0.75%	
Segment cost of funds (%)	9.08%	15.66%	8.09%	8.06%	



38. TRUST ACTIVITIES

The Bank is not engaged in any significant trust activities.

39. RELATED PARTY TRANSACTIONS

The Bank has related party relationship with its majority shareholder (Government of Khyber Pakhtunkhwa), associates, directors, key management personnel, staff retirement benefit plan and other related parties.

Banking transactions with related parties are carried out in the normal course of business at agreed terms. Contribution to and accruals in respect of staff retirement benefit plan are made in accordance with actuarial valuations (refer note 33 to these financial statements for the details of plan). Remuneration to the executives, disclosed in note 35 to these financial statements are determined in accordance with terms of their appointments.

39.1 Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	2011		2010	
	Directors and key management personnel	Other related parties	Directors and key management personnel	Other related parties
	------(Rupees in '000)-----			
Advances				
At the beginning of the year	122,786	-	91,395	-
Disbursed during the year	43,817	43,403	36,855	-
Repaid during the year	(26,447)	(15,625)	(5,464)	-
At end of the year	140,156	27,778	122,786	-
Deposits				
At the beginning of the year	7,033	22,148	4,532	110,940
Deposited during the year	201,689	254,555	121,761	250,419
Repaid during the year	(179,253)	(251,459)	(119,260)	(339,211)
At end of the year	29,469	25,244	7,033	22,148
Transactions, income and expenditure				
Mark-up / return / interest earned	2,543	2,703	1,898	-
Mark-up / return / interest expensed	508	27,446	285	5,121
Fees	1,030	-	575	-

39.2 Although the Government of Khyber Pakhtunkhwa holds 70.20% shares of the Bank (2010: 51%), the transactions with it have not been treated as related party transactions for the purpose of this disclosure.

40. CAPITAL - ASSESSMENT AND ADEQUACY BASEL II SPECIFIC

The Basel II Framework is applicable to the Bank whereby the Standardized Approach for reporting Capital Adequacy is currently implemented. Under the said approach, credit risk and market risk exposures are measured using the Standardized Approach and operational risk is measured using the Basic Indicator Approach.

The Bank's capital adequacy is reported using the rules and ratios provided by the State Bank of Pakistan.

The capital adequacy ratio is a measure of the amount of a Bank's capital expressed as a percentage of its risk weighted assets (RWAs). Measuring RWAs requires risk mitigants to be applied to the amount of assets shown on a Bank's statement of financial position and assignment of weightages according to the degree of inherent risk.

The SBP requires each Bank or Banking group to: (a) hold the minimum level of the paid up capital and (b) maintain a ratio of total regulatory capital to the risk-weighted assets at or above the required minimum of 10%. The required capital adequacy ratio (10% of the risk-weighted assets) is achieved by the Bank through improvement in the asset quality at the existing volume level, ensuring better recovery management and striking compromise proposal and settlement and composition of asset mix with low risk.

40.1 Capital management

The Bank's objectives when managing its capital are:

- a) To comply with the capital requirements set by the SBP;
- b) To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- c) To maintain a strong capital base to support the development of its business.

The Bank's regulatory capital is divided into two tiers:

- a) Tier 1 capital includes fully paid up capital, general reserves and unappropriated profit as per the financial statements after deduction of book value of intangibles, shortfall in provisions required against classified assets irrespective of any relaxation allowed and fifty percent of significant minority investments in securities as per the guidelines laid under the Basel II framework.
- b) Tier 2 capital includes general provisions for loan losses (upto a maximum of 1.25% of RWAs) and reserves on revaluation of fixed assets and equity investments (upto a maximum of 45% of the balance in related revaluation reserves) after deduction of fifty percent of the significant minority investments in securities as per the guidelines laid under the Basel II framework.



- c) The Bank has no eligible Tier 3 capital.

RWAs are measured by means of a hierarchy of risk weights classified according to the nature of and reflecting an estimate of credit, market and operational risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-balance sheet exposure, with some adjustments to reflect the more contingent nature of potential future exposure.

Banking operations are categorized as either trading book or banking book and RWAs are determined according to specified requirements of the SBP that seek to reflect the varying levels of risk attached to assets and off balance sheet exposures. The total risk-weighted exposures comprise of credit risk, market risk and operational risk.

40.2 Capital structure

Bank's regulatory capital is analyzed into three tiers:

Tier I Capital

Fully paid up capital
General reserve
Unappropriated profit

Deductions

Book value of intangibles
50% of significant minority investment
Shortfall in provisions required against classified assets
irrespective of relaxation allowed

Tier II Capital

General provisions subject to 1.25% of total RWAs
Upto 45% of revaluation reserve
50% of significant minority investment

Eligible Tier III Capital

Total regulatory capital base

2011	2010
(Rupees in '000)	
8,228,001	5,004,001
722,501	548,039
749,925	52,079
9,700,427	5,604,119
(8,081)	(8,040)
(20,252)	(20,252)
(37,500)	-
9,634,594	5,575,827
8,251	9,017
267,567	192,981
(20,252)	(20,252)
255,566	181,746
-	-
9,890,160	5,757,573

40.3 Capital Adequacy

Credit risk

Portfolio subject to standardized approach (simple or comprehensive)

On-balance sheet

	Capital Requirements		Risk Weighted Assets	
	2011	2010	2011	2010
	----- (Rupees in '000) -----			
Claims on Public Sector Entities in Pakistan	32,789	60,795	327,890	607,949
Claims on banks	101,004	106,790	1,010,037	1,067,901
Claims, denominated in foreign currency, on banks with original maturity of 3 months or less	693	343	6,927	3,426
Claims on banks with original maturity of 3 months or less denominated in PKR and funded in PKR	4,343	4,130	43,431	41,302
Claims on corporate (excluding equity exposures)	1,342,425	1,088,370	13,424,252	10,883,702
Claims categorized as retail portfolio	83,798	58,036	837,977	580,363
Claims fully secured by residential property	26,531	23,127	265,311	231,266

Past due loans:

where specific provisions are less than 20 per cent of the outstanding amount of the past due claim	115,905	123,650	1,159,045	1,236,502
where specific provisions are no less than 20 per cent of the outstanding amount of the past due claim	16,528	18,557	165,284	185,566
where specific provisions are more than 50 per cent of the outstanding amount of the past due claim	467	3,584	4,669	35,841
Loans and claims fully secured against eligible residential mortgage that are past due by 90 days and /or impaired and specific provision held there against is more than 20% of outstanding amount	130	566	1,296	5,658
Listed equity investments and regulatory capital instruments issued by other banks (other than those deducted from capital) held in the banking book	3,310	481	33,096	4,807
Unlisted equity investments (other than that deducted from capital) held in banking book	21,098	27,261	210,978	272,613
All other assets	331,299	355,873	3,312,989	3,558,743
	2,080,320	1,871,563	20,803,182	18,715,639

Off-balance sheet - Non Market related exposures

Direct credit substitutes / lending of securities or posting of securities as collateral	297,222	13,999	2,972,216	139,980
Performance related contingencies	276,461	174,211	2,764,613	1,742,112
Trade related contingencies / other commitments with original maturity of one year or less	22,163	14,882	221,630	148,833
	595,846	203,092	5,958,459	2,030,925



Off- balance sheet - Market related exposures

Foreign exchange contracts with SBP	-	-	-	-
Foreign exchange contract (with original maturity of less than 14 days)	-	-	-	-
Foreign exchange contracts	596	132	5,961	1,317
	596	132	5,961	1,317
Total credit risk (A)	2,676,762	2,074,787	26,767,602	20,747,881
Market risk				
Capital requirement for portfolios subject to standardized approach				
Interest rate risk	493,520	419,830	4,935,203	4,198,295
Equity position risk	893,039	278,725	8,930,390	2,787,249
Foreign exchange risk	24,544	15,235	245,435	152,345
Total market risk (B)	1,411,103	713,790	14,111,028	7,137,889
Operational risk	271,578	222,800	2,715,784	2,227,996
Basic indicator approach-total of operational risk (C)	271,578	222,800	2,715,784	2,227,996
Total (A + B + C)	4,359,443	3,011,377	43,594,414	30,113,766

Capital adequacy ratio

		2011	2010
Total eligible regulatory capital held (Rupees in '000)	(a)	9,890,160	5,757,573
Total risk weighted assets (Rupees in '000)	(b)	43,594,414	30,113,766
Capital adequacy ratio	(a) / (b)	22.69%	19.12%

41. RISK MANAGEMENT

Risk is inherent in Bank's activities and it is managed through a process of on-going identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Bank's continuing profitability and each individual within the Bank is accountable for the risk exposures relating to their responsibilities.

In accordance with the guidelines from the SBP, the Bank has established a separate Risk Management Division (RMD) to identify and monitor the potential risks and establish mitigating policies against these risks. The Bank's risk management infrastructure is being strengthened to provide sound management principles and practices to maintain appropriate asset quality across the Bank.

The Bank is exposed to credit risk, market risk, liquidity risk and operational risk as mentioned below:

41.1 Credit risk

Credit risk represents the potential that the Bank's customer or counterparty will fail to meet its obligations in accordance with agreed terms. The Bank manages its credit risk exposure through diversification of its lending and financing activities to avoid undue concentrations of risks with individuals or groups of customers in specific locations or businesses. The Bank attempts to control risk by monitoring credit exposure, limiting transaction with specific counter parties and continually assessing the credit worthiness of the borrowers.

The Bank has adopted standardized approach to measure credit risk regulatory charge in compliance with Basel-II requirements. The approach is reliant upon the assessment of external credit rating agencies. In line with SBP guidelines on Internal Credit Ratings Systems the Bank has developed system and all its corporate borrowers are internally rated. The Bank is in the process of continuously improving the system and bringing it in line with the Basel framework requirements.

Further Credit risk is managed through the Bank's lending policy approved by its Board of Directors (the Board) and other laid down procedures outlined in the credit manual and related circulars. The Head Office Credit Committees is responsible for the effective operation and implementation of these policies including the establishment of credit limits for all counter parties after evaluation of their credit worthiness, pre-sanction evaluations of credit proposals, adequacy of security documents, pre-disbursement examination of charge documents and security of advances through adequate collaterals with an acceptable security margin. The credit approving system at head office level, ensures that at each stage each transaction is analyzed keeping in view the risk factors as well as the stipulation of the Prudential Regulations.

The Bank has also established a Special Asset Management Division (SAMD) to monitor stuck-up facilities along with negotiations with borrowers as well as undertaking legal actions against the delinquent borrowers. Further, in order to strengthen the portfolio and as a matter of prudence, adequate provision against non-performing loans is maintained in compliance with the Prudential Regulations. Investments and other assets, doubtful of recovery are also adequately provided.



41.1.1 SEGMENTAL INFORMATION

41.1.1.1 Segments by class of business

	2011					
	Advances (Gross)		Deposits		Contingencies and Commitments	
	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent
Acrylic fabrics	-	-	-	-	128,500	1.36
Agriculture, forestry, hunting and fishing	-					
Automobile and transportation equipment	605,572	2.40	672,648	1.48	62,290	0.66
Cement	468,791	1.85	-	-	137,222	1.45
Chemical and pharmaceuticals	918,856	3.63	-	-	34,524	0.37
Contractors / construction	860,142	3.40	-	-	101,951	1.08
CNG stations	3,433,855	13.58	3,708,204	8.14	3,980,433	42.20
Education and health	288,068	1.14	-	-	668,560	7.09
Financial	46,650	0.18	111,032	0.24	336,835	3.57
Fisheries	767,635	3.04	991,760	2.18	-	-
Food and beverages	295,224	1.17	-	-	-	-
Ghee / cooking oil	481,985	1.91	-	-	7,471	0.08
Individuals	521,479	2.06	-	-	223,399	2.37
Manufacturing of match	902,333	3.57	6,319,686	13.87	18,566	0.20
Miscellaneous manufacturing	295,445	1.17	-	-	230,011	2.44
Petrochemicals	1,505,372	5.95	376,266	0.83	378,329	4.01
Production and transmission of energy	446,744	1.77	-	-	82,602	0.88
Services	1,094,355	4.33	128,589	0.28	548,588	5.82
Sugar	851,148	3.37	68,324	0.15	254,084	2.69
Textile	1,567,767	6.20	-	-	34,686	0.37
Trading	2,185,290	8.64	-	-	331,704	3.52
Commodity operation	1,624,112	6.42	2,270,998	4.99	159,659	1.69
Others	4,132,909	16.35	-	-	-	-
	1,990,979	7.87	30,900,916	67.84	1,713,025	18.16
	<u>25,284,711</u>	<u>100.00</u>	<u>45,548,423</u>	<u>100.00</u>	<u>9,432,439</u>	<u>100.00</u>

	2010					
	Advances (Gross)		Deposits		Contingencies and Commitments	
	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent
Acrylic fabrics	-	-	-	-	128,500	1.70
Agriculture, forestry, hunting and fishing	456,226	2.14	776,749	2.10	81,490	1.08
Automobile and transportation equipment	838,124	3.94	-	-	86,647	1.15
Cement	767,357	3.61	-	-	226,029	2.99
Chemical and pharmaceuticals	767,610	3.61	-	-	96,329	1.27
Contractors / construction	2,330,317	10.95	3,188,245	8.62	2,271,592	30.05
CNG stations	406,940	1.91	-	-	334,965	4.43
Education and health	40,381	0.19	208,135	0.56	328,543	4.35
Financial	673,277	3.17	1,266,518	3.42	-	-
Fisheries	295,224	1.39	-	-	-	-
Food and beverages	337,777	1.59	-	-	4,204	0.06
Ghee / cooking oil	689,064	3.24	-	-	511,912	6.77
Individuals	1,526,573	7.18	4,797,667	12.97	52,955	0.70
Manufacturing of match	317,584	1.49	-	-	50,861	0.67
Miscellaneous manufacturing	1,104,841	5.19	518,332	1.40	448,384	5.93
Petrochemicals	165,692	0.78	-	-	114,485	1.51
Production and transmission of energy	2,023,166	9.51	79,122	0.21	714,000	9.44
Services	939,370	4.42	57,004	0.15	369,765	4.89
Sugar	654,187	3.08	-	-	-	-
Textile	1,450,326	6.82	-	-	249,252	3.30
Trading	1,061,082	4.99	1,884,667	5.10	201,250	2.66
Commodity operations	3,574,992	16.81	-	-	-	-
Others	851,923	4.00	24,204,912	65.45	1,289,138	17.05
	<u>21,272,033</u>	<u>100.00</u>	<u>36,981,351</u>	<u>100.00</u>	<u>7,560,301</u>	<u>100.00</u>



41.1.1.2 Segment by sector

	2011					
	Advances (Gross)		Deposits		Contingencies and Commitments	
	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent
Public / Government	4,288,688	16.96	19,673,256	43.19	-	0.00
Private	20,996,023	83.04	25,875,167	56.81	9,432,439	100.00
	<u>25,284,711</u>	<u>100.00</u>	<u>45,548,423</u>	<u>100.00</u>	<u>9,432,439</u>	<u>100.00</u>
	2010					
	Advances (Gross)		Deposits		Contingencies and Commitments	
	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent
Public / Government	4,406,515	20.72	18,457,882	49.91	720,843	9.53
Private	16,865,518	79.28	18,523,469	50.09	6,839,458	90.47
	<u>21,272,033</u>	<u>100.00</u>	<u>36,981,351</u>	<u>100.00</u>	<u>7,560,301</u>	<u>100.00</u>

41.1.1.3 Details of non-performing advances and specific provisions by class of business segment

	2011		2010	
	Classified Advances	Specific Provisions Held	Classified Advances	Specific Provisions Held
	----- (Rupees in '000) -----			
Agriculture, forestry, hunting and fishing	20,915	3,534	17,619	9,179
Automobile and transportation equipment	177,761	185,102	237,806	177,976
Cement	212,603	142,499	206,249	151,716
Chemical and pharmaceuticals	101,729	101,653	109,414	109,414
Contractors / construction	375,270	174,388	406,039	130,002
Financial	603,761	455,625	466,000	466,000
Fisheries	281,856	281,856	281,856	281,856
Food and beverages	147,144	130,557	169,077	150,231
Footwear and leather garments	108,684	103,215	134,883	134,883
Ghee / cooking oil	129,125	129,125	204,275	204,275
Individuals	143,284	82,537	105,266	81,020
Miscellaneous manufacturing	294,688	286,286	436,270	200,659
Services	122,200	101,960	246,046	90,017
Textile	175,766	97,125	170,933	162,593
Trading	315,117	123,408	417,304	301,384
Others	728,828	589,791	508,544	373,478
	<u>3,938,731</u>	<u>2,988,661</u>	<u>4,117,581</u>	<u>3,024,683</u>

41.1.1.4 Details of non-performing advances and specific provisions by sector

Public / Government
Private

	2011		2010	
	Classified Advances	Specific Provisions Held	Classified Advances	Specific Provisions Held
	-	-	30,076	-
	3,938,731	2,988,661	4,087,505	3,024,683
	3,938,731	2,988,661	4,117,581	3,024,683

----- (Rupees in '000) -----

41.2 Credit risk - general disclosures

The Bank is following standardized approach for all its credit risk exposures.

41.2.1 Credit risk: Disclosures for portfolio subject to the Standardized Approach-Basel II specific

Under standardized approach, the capital requirement is based on the credit rating assigned to the counter parties by the External Credit Assessment Institutions (ECAIs) duly recognized by SBP for capital adequacy purposes. In this connection, ECAIs recommended by the SBP, namely Pakistan Credit Rating Agency Limited (PACRA) and JCR-VIS Credit Rating Company Limited (JCR-VIS) were used for domestic claims. The SBP allows to use Fitch, S&P & Moody's ratings in case of claims on foreign entities but the Bank currently does not have any such claim.

Type of exposures for which each agency is used in the year ended 2011 is presented below:

Exposures	2011	
	JCR - VIS	PACRA
Corporate	✓	✓
Banks	✓	✓
Sovereigns	✓	✓
SME's	✓	✓
Securitization	N/A	N/A
Others	N/A	N/A



Credit risk: Disclosures with respect to Credit Risk Mitigation (CRM) for Standardized Approach

Eligible cash collaterals under standardized approach are used for credit risk mitigation. The forms of collateral that are deemed to be eligible collateral under the 'Simple Approach' to CRM as per SBP guidelines are used by the Bank and primarily includes cash, government and rated debt securities. A standard credit granting procedure exists which has been well-disseminated down the line, ensuring proper pre-sanction evaluation, adequacy of security, pre-examination of charge / control documents and monitoring of each exposure on an on-going basis.

Exposures	Rating Category Number	Credit Exposures subject to Standardised approach					
		2011			2010		
		Amount Outstanding	Deduction CRM*	Net Amount	Amount Outstanding	Deduction CRM *	Net Amount
-----Rupees in '000-----							
Corporate	1	-	-	-	-	-	-
	2	622,375	-	622,375	100,000	-	100,000
	3 & 4	-	-	-	68,024	-	68,024
	5 & 6	-	-	-	291,000	-	291,000
	Unrated	13,708,829	595,765	13,113,064	11,225,677	869,499	10,356,178
Banks	1	2,141,874	-	2,141,874	2,927,474	-	2,927,474
	2 & 3	613,893	-	613,893	363,947	-	363,947
	6	114,310	-	114,310	114,310	-	114,310
	With maturity 3 months or less (PKR)	217,156	-	217,156	206,512	-	206,512
	With maturity 3 months or less (FCY)	34,634	-	34,634	17,131	-	17,131
Retail		2,102,348	985,045	1,117,303	773,817	-	773,817
Claims subject to residential mortgage		758,032	-	758,032	660,760	-	660,760
Public Sector Entities	1	-	-	-	-	-	-
	2 & 3	-	-	-	-	-	-
	Unrated	655,779	-	655,779	1,215,898	-	1,215,898
Past due		949,911	-	949,911	1,092,899	-	1,092,899
Listed and unlisted equities (strategic)		173,748	-	173,748	186,549	-	186,549
Others		3,312,989	-	3,312,989	3,558,743	-	3,558,743

*CRM= Credit Risk Management

41.2.2 Equity position risk in the banking book-Basel II Specific

Investments in equity were classified as trading book as market related exposure.

41.3 Geographical segment analysis

	2011			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies and commitments
	------(Rupees in '000)-----			
Pakistan	1,285,458	68,424,466	10,365,494	9,432,439
Outside Pakistan	-	-	-	-
	<u>1,285,458</u>	<u>68,424,466</u>	<u>10,365,494</u>	<u>9,432,439</u>
	2010			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies and commitments
	------(Rupees in '000)-----			
Pakistan	713,141	50,794,303	9,400,373	7,560,301
Outside Pakistan	-	-	-	-
	<u>713,141</u>	<u>50,794,303</u>	<u>9,400,373</u>	<u>7,560,301</u>

41.4 Market risk

Market Risk is the risk of loss due to on and off balance sheet positions arising out of changes in market prices such as movements in interest rates, foreign exchange rates and equity prices resulting in the loss of earnings and capital. Assets and Liabilities Committee (ALCO) of the Bank monitors and manages the interest rate with the objective of limiting the potential adverse effect on the profitability of the Bank. Treasury middle office is responsible to evaluate market risk in general activities of treasury operations and risks due to market factor changes impacting trading book positions. The Bank distinguishes three types of market risks i.e. foreign exchange risk, equity position risk and interest rate risk.

41.4.1 Foreign exchange risk

Foreign exchange risk is the risk of loss resulting from changes in exchange rates. Foreign exchange positions are reported on consolidated basis and limits are used to monitor exposure in individual currencies.



The Bank's foreign exchange exposure comprises of forward contracts, purchases of foreign bills, foreign currency cash-in-hand, balances with banks abroad, foreign currency placements with SBP and foreign currency deposits. The Bank manages its foreign currency exposure by matching foreign currency assets and liabilities. The net open position and the nostro balances are managed within the statutory limit fixed by SBP.

	2011			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	------(Rupees in '000)-----			
Pakistan rupee	67,826,464	57,684,047	(2,325,825)	7,816,592
US Dollar	486,749	302,677	2,136,209	2,320,281
Pound Sterling	56,760	38,131	7,559	26,188
Japanese Yen	4,757	-	61,676	66,433
Euro	46,273	34,117	120,381	132,537
Other Currencies	3,463	-	-	3,463
	68,424,466	58,058,972	-	10,365,494

	2010			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	------(Rupees in '000)-----			
Pakistan rupee	50,352,337	41,104,576	(1,792,561)	7,455,200
US Dollar	332,208	210,468	1,637,419	1,759,159
Pound Sterling	61,294	42,847	274	18,721
Japanese Yen	3,641	-	17,288	20,929
Euro	42,302	36,039	137,580	143,843
Other Currencies	2,521	-	-	2,521
	50,794,303	41,393,930	-	9,400,373

41.4.2 Equity position risk

The risk of potential losses for the financial institutions arise because of frequent changes in market value of its equity and trading book. The Bank's equity position is governed by SBP limits for overall investment and per scrip exposure. In addition, ALCO keeps a vigilant eye on the price fluctuation of the shares and takes corrective measures to reduce the losses.

41.4.3 Yield / interest rate risk

Yield risk is the risk of decline in earnings due to adverse movement of the yield curve. Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market interest rates. The Bank is exposed to yield / interest rate risk as a result of mismatches or gaps in the amounts of assets and liabilities and off balance sheet instruments that mature or re-price in a given period. The Bank manages this risk by matching the re-pricing of assets and liabilities and off-balances sheet instruments.

Interest sensitive assets, liabilities and off-balance sheet items-repricing analysis is done by ALCO. ALCO also monitors and manages the interest rate risk and takes on exposure to the effects of fluctuations in the prevailing levels of interest rates on Bank's financial position and cash flows. Interest margin may increase as a result of such changes but may reduce or create losses in the event of unexpected movements.



4.1.4.4 Mismatch of interest rate sensitive assets and liabilities

The Bank's yield / interest rate sensitivity position based on the maturity date is as follows:

Effective Yield/ Interest Rate	Exposed to Yield/ Interest risk										Non-interest bearing financial instruments	
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years		
	-----Rupees in '000-----											
	2,802,781	2,802,781	-	-	-	-	-	-	-	-	-	-
Cash and balances with treasury banks	1,527,561	1,391,575	-	-	-	-	-	-	-	-	-	135,986
Balances with other banks	1,800,566	1,683,256	-	-	-	3,000	114,310	-	-	-	-	-
Lending to financial Institutions	36,684,689	1,865,757	3,131,219	7,453,110	9,812,847	3,633,447	3,079,207	739,974	2,289,680	-	-	4,679,448
Investments	22,287,799	522,696	1,221,659	2,105,346	8,999,466	491,531	4,754,574	195,893	3,119,738	876,896	-	-
Advances	1,358,232	-	-	-	-	-	-	-	-	-	-	1,358,232
Other assets	66,461,628	8,266,065	4,352,878	9,558,456	18,812,313	4,127,978	7,948,091	935,867	5,409,418	876,896	-	6,173,666
Financial assets												
Financial liabilities												
Bills payable	281,292	-	-	-	-	-	-	-	-	-	-	281,292
Borrowings	10,391,732	9,499,750	481,682	395,680	2,620	-	12,000	-	-	-	-	-
Deposits and other accounts	45,548,423	1,022,165	2,049,204	14,741,766	15,207,940	1,269,703	423,710	794,282	-	-	-	10,039,653
Other liabilities	1,570,255	-	-	-	-	-	-	-	-	-	-	1,570,255
On-balance sheet gap	57,791,702	10,521,915	2,530,886	15,137,446	15,210,560	1,269,703	435,710	794,282	-	-	-	11,891,201
	8,669,926	(2,255,850)	1,821,992	(5,578,990)	3,601,753	2,858,275	7,512,381	141,585	5,409,418	876,896	-	(5,717,534)
Off-balance sheet financial instruments												
Commitments in respect of forward exchange contracts - purchase	239,575	-	-	-	-	-	-	-	-	-	-	239,575
Commitments in respect of forward exchange contracts - sale	260,533	-	-	-	-	-	-	-	-	-	-	260,533
Off-balance sheet gap	(20,958)	-	-	-	-	-	-	-	-	-	-	(20,958)
Total Yield/Interest Risk Sensitivity Gap	(2,255,850)	1,821,992	(5,578,990)	3,601,753	2,858,275	7,512,381	141,585	5,409,418	876,896			
Cumulative Yield/Interest Risk Sensitivity Gap	(2,255,850)	(433,857)	(6,012,248)	(2,411,095)	447,180	7,959,561	8,101,146	13,510,564	14,387,460			

2010

Effective Yield/ Interest Rate	Exposed to Yield/ Interest risk										Non-interest bearing financial instruments
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	

-----Rupees in '000-----

On-balance sheet financial instruments

Financial assets

Cash and balances with treasury banks	5,079,720	222,847	-	-	-	-	-	-	-	-	-	4,856,873
Balances with other banks	1,502,684	223,643	-	-	-	-	-	-	-	-	-	1,279,041
Lending to financial institutions	2,562,093	1,967,397	366,076	-	-	-	-	228,620	-	-	-	-
Investments	19,862,730	1,111,412	1,253,199	7,210,133	700,707	2,663,794	3,596,277	762,242	2,010,119	38,321	506,526	-
Advances	18,238,333	3,794,316	1,663,377	1,011,079	3,200,381	2,808,761	1,423,154	1,711,900	1,513,917	1,111,448	-	-
Other assets	1,052,808	-	-	-	-	-	-	-	-	-	-	1,052,808
	48,288,368	7,319,615	3,282,652	8,221,212	3,901,088	5,472,555	5,019,431	2,702,762	3,524,036	1,149,769	7,695,248	-

Financial liabilities

Bills payable	280,665	-	-	-	-	-	-	-	-	-	-	280,665
Borrowings	2,894,759	1,638,580	1,011,076	245,103	-	-	-	-	-	-	-	-
Deposits and other accounts	36,981,351	12,372,229	3,044,716	3,412,832	9,446,776	1,635,268	729,911	217,579	11,656	56,218	6,054,166	1,131,321
Other liabilities	1,131,321	-	-	-	-	-	-	-	-	-	-	-
	41,288,096	14,010,809	4,055,792	3,657,935	9,446,776	1,635,268	729,911	217,579	11,656	56,218	7,466,152	7,466,152
On-balance sheet gap	7,000,273	(6,691,194)	(773,140)	4,563,277	(5,545,688)	3,837,287	4,289,520	2,485,183	3,512,380	1,093,551	2,29,096	-

Off-balance sheet financial instruments

Commitments in respect of forward exchange contracts - purchase

Commitments in respect of forward exchange contracts - sale

Off-balance sheet gap

Off-balance sheet gap	(925)	-	-	-	-	-	-	-	-	-	-	(925)
Total Yield Interest Risk Sensitivity Gap	(6,691,194)	(773,140)	4,563,277	(5,545,688)	3,837,287	4,289,520	2,485,183	3,512,380	1,093,551	2,29,096	-	-
Cumulative Yield Interest Risk Sensitivity Gap	(6,691,194)	(7,464,334)	(2,901,057)	(8,446,745)	(4,609,458)	(3,19,938)	2,165,246	5,67,626	6,771,177	-	-	-



41.4.5 Reconciliation of assets and liabilities exposed to yield / interest rate risk with total assets and liabilities

	2011	2010
	(Rupees in '000)	
Reconciliation of total assets		
Total financial assets	66,461,628	48,288,368
Add: Non financial assets		
Operating fixed assets	1,301,822	1,121,554
Deferred tax asset	255,090	443,320
Other assets	405,926	941,061
	1,962,838	2,505,935
Balance as per balance sheet	68,424,466	50,794,303
Reconciliation of total liabilities		
Total financial liabilities	57,791,702	41,288,096
Add: Non financial liabilities		
Deferred tax liabilities	-	-
Other liabilities	267,270	105,834
	267,270	105,834
Balance as per balance sheet	58,058,972	41,393,930

41.5 Liquidity risk

Liquidity risk is the risk that the Bank is unable to meet its current and future financial obligations as they fall due at acceptable cost, and includes (a) the operational ability of the Bank to meet refinancing requirement, (b) concentration risk i.e. the ability of the Bank to diversify its funding sources to prevent undue reliance on a single or related counterparties, and (c) tenor risk, i.e. the ability of the Bank to raise adequate longer term funds (maturity at issue in excess of 12 months).

The Bank's liquidity position is managed by ALCO. The Committee monitors the maintenance of Statement of Financial Position liquidity ratios on monthly basis using duration and convexity analysis at the Middle Office. The core object is to avoid undue reliance on individual deposits and extending advances for long periods. Thus on the whole the Bank manages liquidity and funding risk through a combination of positive cash flow management, the maintenance of portfolio containing high quality liquid assets, maintenance of a prudent funding strategy and diversification of its funding base.

41.5.1 Maturities of assets and liabilities

2011

Assets	Rupees in '000									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
Assets										
Cash and balances with treasury banks	2,802,781	2,802,781	-	-	-	-	-	-	-	-
Balances with other banks	1,527,561	1,527,561	-	-	-	-	-	-	-	-
Lendings to financial - Institutions	1,800,566	1,683,256	-	-	-	3,000	-	-	-	-
Investments	36,684,689	2,314,641	7,361,783	5,388,002	9,930,953	3,799,710	3,235,735	1,494,337	3,159,528	-
Advances	22,287,799	4,685,701	2,657,502	6,188,374	1,783,952	7,19,743	1,736,812	2,361,942	1,737,211	416,562
Operating fixed assets	1,301,822	16,273	32,546	48,818	97,637	165,982	141,085	239,844	419,728	139,909
Deferred tax assets	255,090	-	-	-	-	255,090	-	-	-	-
Other assets	1,764,158	1,114,117	156,691	8,773	198,177	-	-	286,400	-	-
	68,424,466	14,144,330	10,208,522	11,633,967	12,010,719	4,943,525	5,227,942	4,096,123	5,602,867	556,471
Liabilities										
Bills payable	281,292	281,292	-	-	-	-	-	-	-	-
Borrowings	10,391,732	9,499,750	481,682	395,680	2,620	-	12,000	-	-	-
Deposits and other accounts	45,548,423	18,506,917	3,200,647	4,648,479	15,645,394	2,110,019	442,460	504,348	112,331	377,828
Other liabilities	1,837,525	1,112,925	151,029	166,104	60,226	118,348	115,695	113,198	-	-
	58,058,972	29,400,884	3,833,358	5,210,263	15,708,240	2,228,367	570,155	617,546	112,331	377,828
Net assets / (liabilities)	10,365,494	(15,256,554)	6,375,164	6,423,704	(3,697,521)	2,715,158	4,657,787	3,478,577	5,490,536	178,643
Represented by:										
Share capital	8,228,001									
Reserves	722,501									
Unappropriated profit	749,925									
Surplus on revaluation of assets	665,067									
	10,365,494									



2010

	Rupees in '000									
	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	
Assets										
Cash and balances with treasury banks	5,080,521	-	-	-	-	-	-	-	-	-
Balances with other banks	1,501,883	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	2,562,093	1,967,397	366,076	-	-	-	228,620	-	-	-
Investments	19,852,730	1,563,692	1,253,199	700,707	2,718,040	3,596,277	762,242	2,010,119	38,321	-
Advances	18,238,333	3,794,316	1,663,377	3,200,381	2,808,761	1,423,154	1,711,900	1,513,917	1,111,448	-
Operating fixed assets	1,121,554	-	-	-	-	-	270,212	44,044	807,298	-
Deferred tax assets	443,320	-	-	-	443,320	-	-	-	-	-
Other assets	1,993,869	791,942	97,377	130,584	409,971	-	-	377,148	-	-
	50,794,303	14,699,751	3,380,029	8,351,796	4,087,935	5,019,431	2,972,974	3,945,228	1,957,067	-
Liabilities										
Bills payable	280,665	279,478	1,184	-	-	-	-	-	-	-
Borrowings	2,894,759	1,638,580	1,011,076	-	-	-	-	-	-	-
Deposits and other accounts	36,981,351	18,426,395	3,044,716	3,412,832	9,446,776	1,635,268	729,911	217,579	11,656	56,218
Other liabilities	1,237,155	677,818	183,321	345,774	936	29,306	-	-	-	-
	41,393,930	21,022,271	4,240,297	4,003,712	1,664,574	729,911	217,579	11,656	56,218	-
Net assets / (liabilities)	9,400,373	(6,322,520)	(860,268)	4,348,084	(5,359,777)	4,715,518	4,289,520	2,755,395	3,933,572	1,900,849
Represented by:										
Share capital	5,004,001									
Reserves	548,039									
Share Subscription money	3,224,000									
Unappropriated profit	52,079									
Surplus on revaluation of assets	572,254									
	9,400,373									

41.6 Operational risk

Operational risk is the risk of direct or indirect loss due to an event or action causing failure of technology, process infrastructure, personnel and other risks having an operational risk impact. The Bank seeks to minimize actual or potential losses from operational risks failure through a framework of policies and procedures that identify, assess, control, manage and report those risks. Controls include effective segregation of duties, access, authorization and reconciliation procedures, staff education and assessment processes.

41.6.1 Operational Risk-Disclosures Basel II Specific

Basic Indicator Approach (BIA) is used for Operational Risk under Basel II.

42. DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorized for issue on March 07, 2012 by the Board of Directors of the Bank.

43. GENERAL

These financial statements have been prepared in accordance with the revised format for the financial statements of banks issued by the State Bank of Pakistan through BSD Circular No. 4 dated February 17, 2006.



Managing Director



Director



Director



Director



Statement of Financial Position - Islamic Operations

As At December 31, 2011

Annexure 'A' to the Financial Statements as Referred to in Note 2.2

The Bank is operating 26 (2010: 21) Islamic banking branches at the end of current year.

	2011	2010
	Rupees in '000	
ASSETS		
Cash and balances with treasury banks	823,049	740,522
Balances with and due from financial Institutions	530,736	554,970
Lending to financial institutions	-	-
Investments	7,722,833	4,612,539
Financing and receivables		
Murahaba	1,433,021	1,579,798
Ijarah	184,212	267,208
Ijarah under IFAS-2	634,196	271,100
Musharaka Project	-	31,091
Diminishing musharaka	820,175	800,391
Others	-	-
	3,071,604	2,949,588
Less: Provision against non-performing facilities	(47,701)	(37,444)
	3,023,903	2,912,144
Operating fixed assets	157,084	86,453
Other assets	354,983	499,076
	12,612,588	9,405,704
LIABILITIES		
Bills payable	71,223	40,525
Deposits and other accounts		
Current accounts	3,253,099	2,350,805
Saving accounts	5,053,747	4,049,422
Term deposits	1,488,255	882,325
Others	189,105	132,860
	9,984,206	7,415,412
Deposits from financial institutions - remunerative	74,368	281,416
Deposits from financial institutions - non remunerative	-	-
Other liabilities	604,509	310,020
	10,734,306	8,047,374
	1,878,282	1,358,330
NET ASSETS		
REPRESENTED BY		
Islamic Banking Fund	460,000	460,000
Reserves	-	-
Unappropriated profit	1,390,135	898,330
	1,850,135	1,358,330
Surplus on revaluation of assets	28,147	-
	1,878,282	1,358,330
REMUNERATION TO SHARIAH ADVISOR	1,406	850
CHARITY FUND		
Opening balance at the start of the year	-	583
Additions during the year	52	28
Payments during the year	(52)	(611)
Closing balance at the end of the year	-	-

Profit and Loss Account - Islamic Operations

For the year ended December 31, 2011

Annexure 'A' to the Financial Statements as Referred to in Note 2.2

	2011	2010
	(Rupees in '000)	
Profit / return earned	1,249,127	858,664
Return on deposits and other dues	(393,780)	(295,702)
Net profit / return earned	855,347	562,962
Provision / (reversal of provision) against non-performing financing	28,887	(28,524)
Provision for diminution in value of investments	-	(1,950)
Net profit / return income after provisions	28,887	(30,474)
	826,460	593,436
NON-MARKUP INCOME		
Fee, commission and brokerage income	44,850	36,718
Dividend income	7,853	-
Income from dealing in foreign currencies	14,162	7,225
Unrealized gain / (loss) on revaluation of held-for-trading securities	(1,820)	-
Gain on sale of securities	1,512	-
Other income	22,976	12,897
Total other income	89,533	56,840
	915,993	650,276
OTHER EXPENSES		
Administrative expenses	424,188	238,737
Other charges	-	62
Total other expenses	424,188	238,799
Profit before taxation	491,805	411,477
Unappropriated profit brought forward	898,330	486,853
Profit available for appropriation	1,390,135	898,330



Annexure 'B' To The Financial Statements As Referred To In Note I I.5.3 statement Showing Written-off Loans or any other Financial Relief of Rs. 500,000 or above Provided During the Year Ended 31 December 2011

-----Rupees in million-----

S. No.	Name and address of the borrower	Name of individuals/ partners/directors (with NIC No.)	Father's/ Husband's name Husband's name	Outstanding Liabilities at the beginning of the year			Principal written-off	Interest/ Mark-up written-off	Other financial relief provided	Total (9+10 +11)	
				Principal	Interest/ Mark-up	Others					Total
1	2	3	4	5	6	7	8	9	10	11	12
1.	Al-Rehman CNG Moza Rasheeda, Near Jhagra, G.T. Road, Peshawar.	1. Irshad Ahmed 17201-0982940-3 2. Arshad Saeed 17301-1533920-1 3. Abdul Jamil 17301-5026101-3	Marghob Ahmad Khan Muhammad Saeed Abdul Jalil	6,798	1,883	-	8,681	-	1,447	-	1,447
2.	Afghan Ghee Industries (Pvt.) Ltd. 4th Floor, Bilour Plaza, Peshawar Cantt.	1. Junaid Ali Qasim 123-88-639701 2. Iftikhar Ali Shah 123-90549527 3. Iftikhar Hussain Alvi 101-48-117837	Syed Qasim Shah Syed Abbas Shah Abdul Aziz	57,741	54,343	-	112,084	53,85	54,343	-	108,193
3.	Mrs. Rifat Akbar Swati Swati House, Chatti Dheri, Mansehra	1. Mrs. Rifat Akbar Swati 13101-6612653-4	Akbar Khan Swati	0,999	1,317	-	2,316	-	1,317	-	1,317

This annexure does not contain Fiscal Relief to the borrowers in pursuance of Prime Minister's announcement of Fiscal Relief Package to rehabilitate the economic life in Khyber Pakhtunkwa, Federally Administered Tribal Area (FATA) and Provincially Administered Tribal Area (PATA).

Annexure 'C' to the Financial Statements as referred to in Note 10.4

	2011	2010	2011	2010
	Number of shares		Cost Rupees in '000	
I. Particulars of investments held in ordinary shares of listed companies				
Available for sale				
Abbott Laboratories Pakistan Limited	56,986	56,986	5,691	5,691
Accord Textile Limited	10,391	10,391	-	-
Adamjee Floorings Limited	1,300	1,300	-	-
Adamjee Industries	26	26	-	-
Adamjee Paper and Board Mills Limited	6,100	6,100	-	-
Adil Polypropylene Limited	3,800	3,800	-	-
Afsar Textile Mills Limited	1,400	1,400	-	-
Al-Abbas Sugar Mills Limited	32,698	32,698	3,123	3,123
Al-Husaniy Industries Limited	1,300	1,300	-	-
Alif Textile Mills Limited	7,500	7,500	-	-
Al-Qaim Textile Mills Limited	8,000	8,000	-	-
Apex Fabrics Limited	6,500	6,500	-	-
Arag Industries Limited	4,300	4,300	-	-
Asim Textile Mills Limited	26,500	26,500	-	-
Aswan Tentage and Canvas Mills Limited	3,700	3,700	-	-
Attock Petroleum Limited	35,000	-	14,298	-
Attock Refinery Limited	-	210,000	-	25,810
Awan Textile Mills Limited	5,300	5,300	-	-
Ayaz Textile Mills Limited	5,000	5,000	-	-
Bahawalpur Textile Mills Limited	1,000	1,000	-	-
Baluchistan Foundry Limited	1,600	1,600	-	-
Baluchistan Particle Board Limited	17,129	17,129	-	-
Bank Alfalah Limited	510,000	570,804	5,639	5,836
Bank Alhabib Limited	2,816,460	1,376,217	74,491	37,571
Bankers Equity Limited	66,707	66,707	-	-
Bela Engineering Limited	5,500	5,500	-	-
Business and Industrial Insurance Company Limited	500,000	500,000	5,000	5,000
Carvan East Fabrics Limited	948,700	948,700	9,487	9,487
Casspak Industries Limited	1,800	1,800	-	-
Central Cotton Mills Limited	700	700	-	-
Charsada Sugar Mills Limited	20	20	-	-
Chilya Corrugated Board Limited	900	900	-	-
Clariant Pakistan Limited	39,710	31,768	5,052	5,052
Colony Sarhad Textile Mills Limited	7,273	7,273	3	3
Crescent Knitwear Limited	1,500	1,500	-	-



Annexure 'C' (continued)

	2011	2010	2011	2010
	Number of shares		Cost Rupees in '000	
Crescent Spinning Mills Limited	16,400	16,400	-	-
Crown Textile Mills Limited	7,200	7,200	-	-
D.G. Khan Cement Company Limited	213,559	283,559	5,336	8,796
Dadabhoy Leasing Company Limited	8,500	8,500	-	-
Dadabhoy Padube Limited	1,200	1,200	-	-
Data Agro Limited	2,400	2,400	-	-
Engro Fertilizers Limited	520,300	-	63,449	-
Fateh Industries Limited	600	600	-	-
Fateh Sports Wear Limited	1,000	1,000	-	-
Fateh Textile Mills Limited	33	33	12	12
Fauji Fertilizer Company Limited	20,000	-	3,191	-
Ferozsons Laboratories Limited	31,510	32,002	2,325	2,716
Ghafur Textile Mills Limited	1,000	1,000	-	-
GlaxoSmithKline Pak Limited	159,445	138,648	10,399	10,399
Globe Textile Mills Limited	1,458	1,458	23	23
Greaves Air conditioning Limited	1,300	1,300	-	-
Gypsum Corporation Limited	3,600	3,600	-	-
H. Sheikh M. Hussain Company Limited	2,516	2,516	-	-
Habib Bank Limited	190,070	250,500	21,206	30,508
Habib Metropolitan Bank Limited	1,600,051	1,333,376	33,808	33,808
Habib Sugar Mills Limited	-	75,000	-	2,551
Hafiz Textile Mills Limited	315	315	5	5
Hashmi Can Company Limited	3,800	3,800	-	-
Hinopak Motors Limited	-	11,665	-	1,624
Hub Power Company Limited	2,804,446	75,000	105,169	2,551
Hyderabad Electronic Industries Limited	2,300	2,300	-	-
ICI Pakistan Limited	50,110	75,000	7,486	10,516
Indus Dyeing Manufacturing Company Limited	828	2,394	161	465
Innovative Investment Bank Limited	807	807	-	-
International Industries Limited	201,101	201,101	9,834	9,834
Itti Textile Mills Limited	3,500	3,500	-	-
Johnson & Phillips Pakistan Limited	10,255	10,255	77	77
Junaid Cotton Mills Limited	1,000	1,000	-	-
Kaiser Art and Kraft Mills Limited	500	500	-	-
Karachi Pipe Mills Limited	3,400	3,400	-	-
Karim Cotton Mills Limited	2,550	2,550	-	-
Karim Silk Mills Limited	300	300	-	-
KASB Bank Limited	131	-	-	-
KASB Securities Limited	-	3,215,771	-	14,481
Kohinoor Looms Limited	3,500	3,500	-	-

Annexure 'C' (continued)

	2011	2010	2011	2010
	Number of shares		Cost Rupees in '000	
Kot Addu Power Company Limited	269,500	-	11,616	-
Lafayette Industries Synthetics Limited	2,600	2,600	-	-
Linde Pakistan Limited	16,457	16,457	1,417	1,417
Lotte Pakistan PTA Limited	275,000	-	4,275	-
LTV Capital Modaraba	300	300	-	-
Marr Fabrics Limited	2,700	2,700	-	-
MCB Bank Limited	148,500	-	26,312	-
Medi Glass Limited	7,400	7,400	-	-
Mehr Dastagir Textile Mills Limited	1,200	1,200	-	-
Mehran Bank Limited	16,900	16,900	-	-
Mehran Jute Mills Limited	2,500	2,500	-	-
Mian Mohammed Sugar Mills Limited	4,000	4,000	-	-
Mohib Textile Mills Limited	3,500	3,500	-	-
Morafo Industries Limited	1,631	1,631	-	-
Mubarak Dairies Limited	1,000	1,000	-	-
National Bank of Pakistan	889,309	123,188	48,070	8,952
National Match Factory Limited	600	600	-	-
Naveed Textile Mills Limited	1,500	1,500	-	-
Nishat Mills Limited	429,187	-	22,825	-
Nishat Power Limited	120,000	-	1,974	-
Nowshera Engineering Company Limited	600	600	-	-
Nusrat Textile Mills Limited	6,900	6,900	-	-
Oil and Gas Development Company Limited	-	140,500	-	16,074
Packages Limited	70,000	70,000	7,503	7,503
Pak Electron Limited	2,173	2,173	34	34
Pak German Pre-Fabs Limited	1,500	1,500	-	-
Pak Ghee Industries Limited	1,300	1,300	-	-
Pak Suzuki Motor Company Limited	39,333	39,333	2,895	2,895
Pakistan Papersck Company Limited	2,450	2,450	-	-
Pakistan Petroleum Limited	176,440	35,142	34,740	7,106
Pakistan Refinery Limited	-	36,581	-	3,733
Pakistan Services Limited	18,744	18,744	3,175	3,175
Pakistan State Oil Company Limited	95,000	-	28,004	-
Pakistan Telecommunication Company Limited	973,278	58,278	12,520	1,029
Pakistan Tobacco Company Limited	-	36,081	-	3,784
Pan Islamic Steamship Company Limited	172	172	-	-
Pearl Fabrics Limited	5,200	5,200	-	-
Punjab Building Product Limited	10,298	10,298	-	-
Punjab Cotton Mills Limited	1,000	1,000	-	-
Punjab Lamps Works Limited	2,500	2,500	-	-



Annexure 'C' (continued)

	2011	2010	2011	2010
	Number of shares		Cost Rupees in '000	
Qayyum Spinning Mills Limited	2,300	2,300	-	-
Quality Steel Works Limited	26	26	-	-
RCD Ball Bearing Limited	500	500	-	-
Redco Textiles Limited	17,700	17,700	-	-
Regal Ceramics Limited	2,600	2,600	-	-
Rex Barren Batteries Limited	1,200	1,200	-	-
Ruby Textile Mills Limited	13,991	13,991	154	154
Saif Nadeem Kawasaki Motors Limited	100	100	-	-
Saitex Spinning Mills Limited	8,400	8,400	-	-
Saleem Denim Industries Limited	3,600	3,600	-	-
Sardar Chemical Industries Limited	3,000	3,000	6	6
Schon Textiles Limited	5,800	5,800	-	-
Searle Pakistan Limited	22,786	20,715	1,292	1,292
Service Fabrics Limited	31,000	31,000	-	-
Service Industries Limited	-	38,537	-	10,518
Service Textile Industries Limited	3,800	3,800	-	-
Shahyar (O,E) Textile Mills Limited	1,700	1,700	-	-
Shahyar Textile Mills Limited	5,000	5,000	-	-
Shezan International Limited	25,285	25,285	2,677	2,677
Siemens Pakistan Engineering Company Limited	21,630	21,630	21,100	28,123
Siftaq International Limited	2,900	2,900	-	-
Sind Alkalis Limited	15,500	15,500	-	-
Sind Fine Textile Mills Limited	2,000	2,000	-	-
Soneri Bank Limited	-	1,538,180	-	11,090
Sui Nothem Gas Pipelines Limited	157,500	-	4,272	-
Sunrise Textile Mills Limited	300	300	-	-
Sunshine Cloth Mills Limited	10,000	10,000	-	-
Sunshine Cotton Mills Limited	10,352	10,352	-	-
Suraj Ghee Industries Limited	1,459	1,459	-	-
Syed Match Company Limited	500	500	7	7
Syed Saigon Industries Limited	1,300	1,300	-	-
Taga Pakistan Limited	2,900	2,900	-	-
Taj Textile Mills Limited	32,363	32,363	12	12
Tariq Cotton Mills Limited	1,400	1,400	-	-
Tawakkal Garment Industries Limited	3,000	3,000	-	-
Tawakkal Limited	2,637	2,637	-	-
Tawakkal Modaraba 1st	11,200	11,200	-	-
Thal Limited	12,751	10,626	170	170
Treet Corporation Limited	51,877	51,877	427	427
Turbo Tubes Limited	4,000	4,000	-	-

Annexure 'C' (continued)

	2011	2010	2011	2010
	Number of shares		Cost Rupees in '000	
Unicap Modaraba	7,500	7,500	-	-
United Bank Limited	91,000	43,784	5,612	2,760
Uqab Breeding Farms limited	3,400	3,400	-	-
Wyeth Pak Limited	-	2,557	-	2,812
Zafar Textile Mills Limited	1,550	1,550	-	-
Zahoor Cotton Mills Limited	10,500	10,500	-	-
Zahoor Textile Mills Limited	9,500	9,500	-	-
			<u>626,352</u>	<u>341,689</u>
Held for Trading				
Attock Refinery Limited	33,293	-	3,745	-
D.G. Khan Cement	30,000	-	646	-
Fauji Fertilizer Bin Qasim	34,500	-	2,091	-
Fauji Fertilizer Company Limited	32,256	-	5,300	-
Hub Power Company Limited	30,000	3,889,585	1,246	147,804
Lucky Cement Limited	23,700	-	1,909	-
National Bank of Pakistan	-	75,000	-	5,464
National Refinery Limited	45,895	-	15,869	-
Nishat Mills Limited	-	35,000	-	2,215
Nishat Power Limited	50,000	200,000	762	3,095
Pakistan Oilfields Limited	54,500	85,000	19,904	24,881
Pakistan Petroleum Limited	8,500	35,000	1,577	7,584
Pakistan State Oil Company Limited	14,500	65,497	3,833	19,415
Pakistan Telecommunication Company Limited	52,405	250,000	630	4,907
Sui Southern Gas Company Limited	-	7,275,942	-	152,795
United Bank Limited	500	100,000	30	6,789
			<u>57,544</u>	<u>374,951</u>
			<u>683,896</u>	<u>716,640</u>

The paid-up value of each share in listed companies is Rs. 10 per share (2010: Rs. 10 per share).

As at December 31, 2011, the aggregate market value of listed shares is Rs. 594.904 million (2010: Rs. 741.969 million).



Annexure 'C' (continued)

	2011	2010	2011	2010
	Number of shares		Cost Rupees in '000	
2. Particulars of investments held in ordinary shares of unlisted companies				
Al-Hamra Hills (Private) Limited	5,000,000	5,000,000	50,000	50,000
Asian Housing Finance Limited	500,000	500,000	5,000	5,000
Mohib Textile Mills Limited	1,190,500	1,190,500	25,000	25,000
Mohib Exports Limited	25,300	25,300	487	487
Industrial Development Bank of Pakistan	20	20	-	-
			<u>80,487</u>	<u>80,487</u>

The paid-up value of each share in unlisted companies is Rs. 10 per share (2010: Rs. 10 per share).

3. Particulars of investments held in ordinary shares of related parties:				
Listed shares				
Dawood Capital Management Limited	2,246,055	2,246,055	22,461	22,461
Dawood Equities Limited	3,750,000	3,750,000	37,500	37,500
			<u>59,961</u>	<u>59,961</u>
Unlisted shares				
Taurus Securities Limited	4,050,374	4,050,374	40,504	40,504
Dawood Family Takaful Limited	11,250,000	11,250,000	112,500	112,500
			<u>153,004</u>	<u>153,004</u>
Total			<u>212,965</u>	<u>212,965</u>

The paid-up value of each share in unlisted companies is Rs. 10 per share (2010: Rs. 10 per share).

Annexure 'C' (continued)

4. Particulars of investments held in listed term finance certificates (TFC)

	Terms of Interest	Date of Maturity	2011 Number of shares / certificates held	2010	2011 Cost Rupees in '000	2010
Available-for-sale						
Bank Alfalah Limited	6 months KIBOR + 150 BPS	November 23, 2012	7,744	7,744	25,745	38,631
Telecard Limited **	6 months KIBOR + 375 BPS	May 27, 2015	7,000	7,000	12,863	12,863
United Bank Limited	Fixed at 8.45%	August 10, 2012	14,000	14,000	46,550	69,839
United Bank Limited	6 months KIBOR + 85 BPS	February 14, 2016	9,000	9,000	44,937	44,955
Allied Bank Limited	6 months KIBOR + 190 BPS	December 12, 2014	14,000	14,000	69,860	69,888
NIB Bank Limited	6 months KIBOR + 115 BPS	March 5, 2016	13,000	13,000	61,583	60,826
Askari Bank Limited	6 months KIBOR + 250 BPS	November 18, 2019	30,000	30,000	149,880	149,940
Jahangir Siddiqui and Company Limited	6 months KIBOR + 250 BPS	May 21, 2012	10,000	10,000	24,955	49,920
Standard Chartered Bank Limited	6 months KIBOR + 200 BPS	February 1, 2013	4,742	4,742	16,578	22,487
Faysal Bank Limited	6 months KIBOR + 140 BPS	November 12, 2014	5,515	5,515	27,531	27,542
Engro Fertilizers Limited	6 months KIBOR + 155 BPS	November 30, 2015	46,845	46,845	231,451	231,090
Pak Arab Fertilizers Limited	6 months KIBOR + 150 BPS	February 28, 2013	5,170	5,170	19,129	24,299
Pace Pakistan Limited **	6 months KIBOR + 200 BPS	February 15, 2017	20,000	20,000	99,880	99,920
Saudi Pak Leasing **	Fixed at 3%	March 13, 2017	10,000	10,000	34,353	36,615
Orix Leasing	6 months KIBOR + 150 BPS	May 25, 2012	14,300	14,300	11,208	33,553
					<u>876,504</u>	<u>972,366</u>

The paid-up value of each TFC held is Rs. 5,000 per certificate (2010: Rs. 5,000 per certificate).

The market value of these listed TFCs amounted to Rs. 863.151 million as at December 31, 2011 (2010: Rs. 941.523 million).

** These have been classified as non performing.

5. Particulars of investments held in unlisted term finance certificates (TFCs)

	Terms of Interest	Date of Maturity	2011 Number certificates held	2010	2011 Cost Rupees in '000	2010
Available-for-sale						
Dewan Farooq Spinning Mills Limited	Non-performing	Over Due	4,000	4,000	5,000	5,000
Avari Hotel Limited	1 year KIBOR + 250 BPS	October 30, 2014	75,000	75,000	318,428	318,428
Tracker (Private) Limited	6 months KIBOR + 350 BPS	September 15, 2011	-	75	-	7,500
Bank Al Habib Limited	Fixed at 15.5%	June 12, 2017	20,000	20,000	99,800	99,880
Bank Alfalah Limited	Fixed at 15%	December 2, 2017	38,000	38,000	189,848	189,924
Grays Leasing Limited	6 months KIBOR + 250 BPS	July 1, 2011	-	2,000	-	10,000
Orix Leasing Pakistan Limited	6 months KIBOR + 150 BPS	January 15, 2013	250	250	12,500	20,833
Faysal Bank Limited	6 months KIBOR + 225 BPS	October 11, 2017	15,000	15,000	74,970	75,000
Power Holding Company	6 months KIBOR + 200 BPS	September 18, 2014	-	97,800	-	489,000
					<u>700,545</u>	<u>1,215,565</u>

The paid-up value of each TFC held was Rs. 5,000 per certificate (2010: Rs. 5,000 per certificate) except for Orix leasing and Tracker (private) Limited having face value of Rs. 100,000 (2010: Rs. 100,000).



Annexure 'C' (continued)

6. Particulars of investments held in units of mutual funds

Available-for-sale	2011	2010	2011	2010
	Number of units held		Cost Rupees in '000	
Open-ended mutual funds				
ABL Cash Fund	19,427,850	-	200,000	-
ABL Income Fund	19,579,050	-	200,000	-
AKD Income Fund	2,049,342	2,049,342	102,069	102,447
Alfalah GHP Value Fund *	176,642	162,928	5,000	5,000
Askari Islamic Income Fund	388,964	190,081	40,000	20,000
Askari Sovereign Cash Fund	4,425,163	-	450,987	-
Dawood Income Fund	4,056,495	3,520,238	300,000	300,000
Faysal Islamic Saving Growth Fund	672,430	-	70,000	-
Faysal Money Market Fund	-	500,000	-	50,000
First Habib Cash Fund	493,097	-	50,000	-
HBL Money Market Fund	3,885,445	-	400,000	-
IGI Income Fund	1,208,055	-	125,000	-
IGI Islamic Income Fund	487,159	-	50,000	-
IGI Money Market Fund	2,965,048	-	300,000	-
Lakson Money Market Fund	1,995,970	-	200,000	-
MCB Optimizer Cash Fund	1,952,107	-	200,000	-
Meezan Sovereign Fund	2,938,871	-	150,000	-
NAFA Govt. Securities Fund	9,893,564	-	100,000	-
NAFA Riba Free Saving Fund	3,912,669	-	40,000	-
Pak Oman Govt Securities Fund	2,435,271	-	25,000	-
PICIC Cash Fund	997,120	-	100,000	-
PICIC Income Fund	966,804	-	100,000	-
UBL Govt Securities Fund	1,465,003	-	150,000	-
UBL Islamic Saving Fund	954,414	-	100,000	-
			<u>3,458,056</u>	<u>477,447</u>
Closed-end mutual funds				
NAMCO Fund *	7,416,719	6,867,333	68,674	69,057
Pak Oman Advantage Fund	5,000,000	5,000,000	50,000	50,000
			<u>118,674</u>	<u>119,057</u>
			<u>3,876,730</u>	<u>596,504</u>

The market value of these mutual funds amounts to Rs. 3,833.715 million as at December 31, 2011 (2010: Rs. 506.134 million).

*These are marked as strategic investments of the Bank.

7. Particulars of investments held in NIT units

NIT units	2,703,723	2,703,723	54,246	54,246
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The market value of NIT units amounts to Rs. 70.431 million as on October 13, 2010 (2010: Rs. 69.756 million).

Annexure 'C' (continued)

8. Particulars of investments held in Sukuks

	Terms of Interest	Date of Maturity	2011 Number of shares / certificates held	2010	2011 Cost Rupees in '000	2010
Available for sale						
Security Leasing Corporation Limited	Fixed at 0%	March 19, 2014	10,000	10,000	18,229	25,391
House Building Finance Corporation	6 months KIBOR + 100 BPS	May 8, 2014	49,500	49,500	119,614	166,515
JDW Sugar Mills Limited	3 months KIBOR + 125 BPS	May 20, 2014	15,000	15,000	41,667	58,333
Quetta Textile Mill Ltd	6 months KIBOR + 150 BPS	September 27, 2015	20,000	20,000	90,000	96,667
Three Star Hoisery (Private) Limited	Non-performing	Over due	15,000	15,000	75,000	75,000
Liberty Power Tech Limited	3 months KIBOR + 300 BPS	Various dates latest by January 13, 2021	2,198,840	2,198,840	212,759	202,193
Al Razi Health Care (Private) Limited	3 months KIBOR + 250 BPS	November 4, 2017	10,000	10,000	50,000	50,000
Engro Fertilizers Limited	6 months KIBOR + 150 BPS	September 6, 2015	19,900	19,900	96,927	96,471
Engro Fertilizers Limited	6 month KIBOR+211 BPS	June 30, 2017	15,000	15,000	75,000	75,000
					<u>779,196</u>	<u>845,570</u>
Held to maturity						
WAPDA (1)	6 months KIBOR + 35 BPS	October 22, 2012	15,000	15,000	75,000	75,000
WAPDA (2)	6 months KIBOR - 25 BPS	June 12, 2017	80,000	80,000	400,000	400,000
Orix Leasing Pakistan Limited	6 months KIBOR + 125 BPS	June 30, 2012	10,000	10,000	8,414	25,253
Sitara Energy Limited	6 months KIBOR + 115 BPS	May 15, 2013	10,000	10,000	21,136	24,660
House Building Finance Corporation	6 month KIBOR + 100 BPS	May 8, 2014	10,000	10,000	25,000	35,000
BRR Guardian Modarba	1 month KIBOR	December 7, 2016	20,000	20,000	98,438	100,000
JDW Sugar Mill Limited	3 months KIBOR + 125 BPS	June 20, 2014	10,000	10,000	27,778	38,889
					<u>655,766</u>	<u>698,801</u>
					<u>1,434,962</u>	<u>1,544,371</u>

The paid-up value of each TFC held was Rs. 5,000 per certificate (2010: Rs. 5,000 per certificate) except for Liberty Power Tech Limited having face value of Rs. 100 (2010: Rs. 100).



ANNEXURE 'D' TO THE FINANCIAL STATEMENTS AS REFERRED TO IN NOTE 10.4

Quality of Available for Sale Securities

	2011			2010		
	Market Value/ Cost Rs in '000	Rating	Credit rating Agency	Market Value/ Cost Rs in '000	Rating	Credit rating Agency
Government Securities						
Market Treasury Bills	17,314,664	Unrated	-	7,548,208	Unrated	-
Pakistan Investment Bonds	3,470,959	Unrated	-	2,732,801	Unrated	-
Government of Pakistan Ijarah Sukuks	6,120,587	Unrated	-	3,428,455	Unrated	-
National Investment Trust Units						
National Investment Trust (Unit) Limited	54,246	2-Star	PACRA	69,756	3-Star	PACRA
Ordinary shares in listed companies						
Abbot Laboratories Pakistan Limited	5,687	N/A	-	6,254	N/A	-
Accord Textile Limited	4	N/A	-	-	-	-
Al-Abbas Sugar Mills Limited	2,936	A	PACRA	3,103	A	PACRA
Al-Qaim Textile Mills Limited	5	N/A	-	-	-	-
Asim Textile Mills Limited	34	N/A	-	-	-	-
Attock Petroleum Limited	14,438	N/A	-	-	-	-
Attock Refinery Limited	-	AA	PACRA	26,183	AA	PACRA
Bank Alfalah Limited	5,738	AA	PACRA	6,399	AA	PACRA
Bank Al Habib Limited	80,354	AA+	PACRA	49,902	AA+	PACRA
Linde Pakistan Limited (BOC Pakistan Limited)	1,662	N/A	-	1,499	N/A	-
Clariant Pakistan Limited	5,917	N/A	-	5,814	N/A	-
DG Khan Cement Company Limited	4,064	N/A	-	8,555	N/A	-
Engro Fertilizers Limited	48,232	AA-	PACRA	-	AA	PACRA
Fateh Textile Mills Limited	3	N/A	-	4	N/A	-
Fauji Fertilizer Company Limited	2,991	N/A	-	-	-	-
Ferozsons Laboratories Limited	2,584	N/A	-	2,788	N/A	-
GlaxoSmithKline Pak Limited	10,696	N/A	-	12,227	N/A	-
Globe Textile Mills Limited	14	N/A	-	16	N/A	-
Habib Bank Limited	20,163	AA+	JCR	30,546	AA+	JCR
Habib Metropolitan Bank Limited	27,025	AA+	PACRA	38,655	AA+	PACRA
Habib Sugar Mills Limited	-	N/A	-	2,498	N/A	-
Hafiz Textile Mills Limited	6	N/A	-	6	N/A	-
Hashmi Can Company Limited	31	N/A	-	-	-	-
Hinopak Motors Limited	-	N/A	-	1,539	N/A	-
Hub Power Company Limited	95,912	AA+	PACRA	2,806	AA+	PACRA
I.C.I. Pakistan Limited	6,027	N/A	-	10,818	N/A	-
Indus Dyeing Manufacturing Company Limited	315	A	JCR	786	A	JCR
Innovative Investment Bank Limited	3	N/A	-	3	N/A	-

Annexure 'D' (continued)

	2011			2010		
	Market Value/ Cost Rs in '000	Rating	Credit rating Agency	Market Value/ Cost Rs in '000	Rating	Credit rating Agency
International Industries Limited	7,644	N/A	N/A	12,036	N/A	-
Johnson & Phillips (Pakistan) Limited	72	N/A	-	97	N/A	-
KASB Securities Limited	-	A-	PACRA	14,374	A	PACRA
Kot Addu Power Co. Limited	11,136	AA+	JCR	-	-	-
Lotte Pakistan PTA Limited	2,549	N/A	-	-	-	-
MCB Bank Limited	19,988	N/A	-	-	-	-
Morafo Industries Limited	17	N/A	-	-	-	-
Mubarak Dairies Limited	1	N/A	-	-	-	-
National Bank of Pakistan	36,506	AAA	JCR	9,463	AAA	JCR
Nishat Mills Limited	17,361	AA-	PACRA	-	-	-
Nishat Power Limited	1,554	AA	PACRA	-	-	-
Oil and Gas Development Company Limited	-	N/A	JCR	24,002	AAA	JCR
Packages Limited	5,790	AA	PACRA	9,003	AA	PACRA
Pak Elektron Limited	8	D	PACRA	31	A	PACRA
Pak Suzuki Motors	2,322	N/A	-	2,746	N/A	-
Pakistan Petroleum Limited	29,698	N/A	-	7,631	N/A	-
Pakistan Refinery Limited	-	N/A	-	3,941	N/A	-
Pakistan Services Limited	2,599	N/A	-	3,154	A	JCR
Pakistan State Oil Company Limited	21,585	AA+	PACRA	-	AA+	PACRA
Pakistan Telecommunication Company Limited	10,112	N/A	-	1,132	N/A	-
Pakistan Tobacco Company Limited	-	N/A	-	3,977	N/A	-
Redco Textile Limited	5	N/A	-	-	-	-
Ruby Textile Mills Limited	91	N/A	-	70	N/A	-
Saif Nadeem Kawasaki Motors Limited	-	N/A	-	-	N/A	-
Sardar Chemical Industries Limited	4	N/A	-	3	N/A	-
Sarhad Textile Mills Limited	16	N/A	-	4	N/A	-
Searle Pakistan Limited	1,027	BBB+	JCR	1,243	BBB+	JCR
Service Industries Limited	-	N/A	-	9,250	N/A	-
Services Fabrics Limited	7	N/A	-	-	-	-
Services Textile Industries Limited	2	N/A	-	-	-	-
Shezan International Limited	2,783	N/A	-	2,941	N/A	-
Siemens Pakistan Engineering Co. Limited	22,858	N/A	-	27,113	N/A	-
Silk Bank Limited (Saudi Pak Commercial Bank)	-	A-	JCR	-	A-	JCR
Sui Northern Gas Pipelines Limited	2,474	AA	PACRA	-	-	-
Syed Match Company Limited	6	N/A	-	7	N/A	-



Annexure 'D' (continued)

	2011			2010		
	Market Value/ Cost Rs in '000	Rating	Credit rating Agency	Market Value/ Cost Rs in '000	Rating	Credit rating Agency
Ordinary shares in listed companies (continued)						
Taj Textile Mills Limited	8	N/A	-	12	N/A	-
Thal Limited	1,043	N/A	-	1,384	N/A	-
Treet Corporation Limited	2,021	N/A	-	3,115	AA-	JCR
Unicap Modaraba	2	N/A	-	-	-	-
United Bank Limited	4,767	AA+	JCR	2,987	AA+	JCR
Wyeth Pak Limited	-	N/A	-	2,689	N/A	-
Zahoor Cotton Mills Limited	3	N/A	-	-	-	-
Ordinary shares in unlisted companies						
Al-Hamra Hills (Private) Limited	50,000	N/A	-	50,000	N/A	-
Asian Housing Finance Limited	5,000	N/A	-	5,000	N/A	-
Mohib Textile Mills Limited	25,000	N/A	-	25,000	N/A	-
Mohib Exports Limited	487	N/A	-	487	N/A	-
Industrial Development Bank of Pakistan	-	N/A	-	-	N/A	-
Ordinary shares in listed companies - related parties						
Dawood Capital Management Limited	1,460	AM3-	PACRA	4,357	AM4+	PACRA
Dawood Equities Limited	3,338	N/A	-	6,750	N/A	-
Ordinary shares in unlisted companies - related parties						
Dawood Family Takaful Limited	112,500	A-	PACRA	112,500	A-	PACRA
Taurus Securities Limited	40,504	N/A	-	40,504	N/A	-
Preference Shares						
First Dawood Investment Bank Limited	140,920	N/A	-	140,920	D	PACRA
Trust Investment Bank Limited (Related Party)	75,000	N/A	-	75,000	N/A	-
Term Finance Certificates - Listed						
Allied Bank Limited	70,637	AA-	JCR	69,771	AA-	JCR
Askari Bank Limited - 3rd issue	149,880	AA-	PACRA	149,940	AA-	PACRA
Bank Alfalah Limited - 4th issue	25,745	AA-	PACRA	38,631	AA-	PACRA
Engro Fertilizers Limited - 2nd issue	229,063	AA	PACRA	217,567	AA	PACRA
Faysal Bank Limited - 1st issue	25,953	AA-	JCR	25,963	AA-	JCR
Grays Leasing Limited	-	-	-	10,000	A-	JCR

Annexure 'D' (continued)

	2011			2010		
	Market Value/ Cost Rs in '000	Rating	Credit rating Agency	Market Value/ Cost Rs in '000	Rating	Credit rating Agency
Jahangir Siddiqui and Company Limited	24,955	AA	PACRA	49,920	A	PACRA
NIB Bank Limited	63,615	A+	PACRA	63,974	A+	PACRA
Orix Leasing Pakistan Limited	11,847	AA+	PACRA	35,364	AA+	PACRA
Pace Pakistan Limited	99,880	D	PACRA	99,920	A+	PACRA
Pak Arab Fertilizer Limited	19,129	AA	JCR	23,935	AA	JCR
Power Holding Company	-	-	-	489,000	N/A	-
Saudi Pak Leasing Company Limited	28,034	D	JCR	29,879	D	JCR
Standard Chartered Bank Limited - 3rd issue	16,972	AAA	PACRA	22,366	AAA	PACRA
Telecard Limited *	10,281	D	JCR	10,281	BBB	JCR
Tracker (Private) Limited	-	N/A	PACRA	7,500	A	PACRA
United Bank Limited - 1st issue	42,361	AA	JCR	63,553	AA	JCR
United Bank Limited - 4th issue	44,799	AA	JCR	40,460	AA	JCR
Term Finance Certificates - Unlisted						
Avari Hotel Limited	318,428	A-	JCR	318,428	A-	JCR
Bank Al Habib Limited	99,800	AA	PACRA	99,880	AA	PACRA
Bank Alfalah Limited - 2nd issue	189,848	AA-	PACRA	189,924	AA-	PACRA
Dewan Farooq Spinning Mills Limited *	5,000	N/A	-	5,000	N/A	-
Faysal Bank Limited - 2nd issue	74,970	AA-	JCR	75,000	AA-	JCR
Orix Leasing Pakistan Limited - (Privately Placed TFCs)	12,500	AA+	PACRA	20,833	AA+	PACRA
Open-ended mutual funds						
ABL Cash Fund	194,644	AA+(f)	JCR	-	-	-
ABL Income Fund	196,098	A+(f)	JCR	-	-	-
AKD Income Fund	109,220	BBB(f)	JCR	97,951	BBB(f)	JCR
Alfalah GHP Value Fund	8,299	4-Star	PACRA	8,557	4-Star	PACRA
Askari Islamic Income Fund	39,221	N/A	-	20,000	N/A	-
Askari Sovereign Cash Fund	444,711	N/A	-	-	-	-
Dawood Income Fund	395,950	2-Star	PACRA	249,250	N/A	-
Faysal Islamic Saving Growth Fund	69,892	A+(f)	JCR	-	-	-
Faysal Money Market Fund	-	-	-	50,265	AA+(f)	JCR
First Habib Cash Fund	50,793	AA+(f)	JCR	-	-	-
HBL Money Market Fund	400,906	AA+(f)	JCR	-	-	-
IGI Income Fund	121,535	A+(f)	JCR	-	-	-
IGI Islamic Income Fund	49,350	N/A	-	-	-	-
IGI Money Market Fund	298,526	AA+(f)	JCR	-	-	-
Lakson Money Market Fund	201,549	N/A	-	-	-	-



Annexure 'D' (continued)

	2011			2010		
	Market Value/ Cost Rs in '000	Rating	Credit rating Agency	Market Value/ Cost Rs in '000	Rating	Credit rating Agency
Open-ended mutual funds (continued)						
MCB Cash Management Optimizer Fund	200,844	N/A	-	-	-	-
Meezan Sovereign Fund	147,884	AA+(f)	JCR	-	-	-
NAFA Govt. Securities Liquid Fund	100,737	N/A	-	-	-	-
Nafa Riba Free Saving Fund	40,000	N/A	-	-	-	-
Pak Oman Govt. Securities Fund	24,917	N/A	-	-	-	-
PICIC Cash Fund	100,104	AA+(f)	JCR	-	-	-
PICIC Income Fund	97,522	A+(f)	JCR	-	-	-
UBL Govt. Securities Fund	147,033	N/A	-	-	-	-
United Islamic Saving Fund	101,170	AA-(f)	JCR	-	-	-
Closed-end mutual funds						
NAMCO Fund	83,537	A(f)	JCR	28,362	A(f)	JCR
Pak Oman Advantage Fund	46,100	N/A	-	51,750	AA-(F)	JCR
Sukuk certificates						
Al Razi Health Care (Private) Limited	50,000	N/A	-	50,000	N/A	-
Engro Fertilizers Limited	171,927	N/A	-	171,472	N/A	-
House Building Finance Corporation	119,614	A	JCR	169,869	N/A	-
JDW Sugar Mills Limited	41,667	A	JCR	58,333	N/A	-
Liberty Power Tech Limited	212,759	AA	PACRA	202,193	AA-	JCR
Quetta Textile Mills Limited	90,000	BBB+	JCR	96,667	N/A	-
Security Leasing Corporation Limited	18,229	N/A	-	25,391	N/A	-
Three Star Hoisery Limited	75,000	N/A	-	75,000	N/A	-

Pattern of Shareholding

As of December 31, 2011

NO. OF SHAREHOLDERS	FROM	HAVING SHARES TO	SHARES HELD	PERCENTAGE
640	1	100	18825	0.0023
10604	101	500	1657442	0.2014
18138	501	1000	13647956	1.6585
3860	1001	5000	7504712	0.9120
305	5001	10000	2143371	0.2605
93	10001	15000	1159441	0.1409
50	15001	20000	876365	0.1065
16	20001	25000	372729	0.0453
13	25001	30000	351582	0.0427
8	30001	35000	255133	0.0310
10	35001	40000	379942	0.0462
6	40001	45000	263120	0.0320
8	45001	50000	388096	0.0472
2	50001	55000	102516	0.0125
2	55001	60000	111836	0.0136
4	60001	65000	248908	0.0302
5	65001	70000	337764	0.0410
1	70001	75000	75000	0.0091
1	75001	80000	76250	0.0093
3	95001	100000	300000	0.0365
1	110001	115000	112500	0.0137
1	125001	130000	125840	0.0153
1	140001	145000	140625	0.0171
1	155001	160000	160000	0.0194
1	195001	200000	200000	0.0243
2	225001	230000	459375	0.0558
1	440001	445000	442500	0.0538
1	880001	885000	884441	0.1075
1	955001	960000	960000	0.1167
1	995001	1000000	1000000	0.1215
1	1285001	1290000	1285187	0.1562
1	1410001	1415000	1413063	0.1717
1	1695001	1700000	1697990	0.2063
1	1915001	1920000	1916875	0.2329
1	2295001	2300000	2300000	0.2795
1	2405001	2410000	2406425	0.2924
1	2705001	2710000	2706046	0.3288
1	2850001	2855000	2852000	0.3466
1	8140001	8145000	8144807	0.9898
1	18815001	18820000	18817199	2.2867
1	21375001	21380000	21375067	2.5975
1	24870001	24875000	24870747	3.0223
1	24905001	24910000	24908910	3.0269
1	24950001	24955000	24952114	3.0322
1	70865001	70870000	70867113	8.6118
1	577635001	577640000	577638808	70.1948
<u>33796</u>		Company Total	<u>822908620</u>	<u>100.0000</u>



Category of Shareholders

	No of Shareholders	Share Held	Percentage
Directors, CEO & Children	3	81,500	0.01
Banks, DFI & NBF	5	261,502	0.03
Insurance Companies	5	1,438,585	0.17
Modarabas & Mutual Funds	4	2,735,308	0.33
General Public (Local)	33,686	138,113,612	16.78
General Public (Foreign)	21	143,483	0.02
Others	70	102,355,197	12.44
Government of NWFP	1	577,638,808	70.20
Foreign Companies	1	140,625	0.02
	33,796	822,908,620	100.00

Shareholding of Directors

Muhammad Asif	45,000
Maqsood Ismail	10,000
Amjad Pervez	26,500

Major Shareholders

Ismail Industries Ltd.	70,867,113
Government of Khyber Pakhtunkhwa	577,638,808

Related Parties

Trust Investment Bank Ltd.	230,000
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Branch Network

Khyber Pakhtunkhwa

Branch Name	Address	Telephone Number	Fax Number	Email Address	ATM Status
Abbottabad	Jinnah Road, Abbottabad	(0992)341431, (0992)341432, (0992)341444	(0992)341430	abbotabad@bok.com.pk	Yes
Abbottabad	934-A, Mansehra Road, Abbottabad.	(0992)331913, (0992)331914, (0992)331915	(0992)331916	abbottabad2@bok.com.pk	No
Ashraf Raod	Ashraf Road, Peshawar City	(091)2553007, 2553989	(091)252497	ashrafird@bok.com.pk	No
Bannu	Outside Lakhi Gate, Bannu	(0928)612202, 613394	(0928)621429	bannu@bok.com.pk	No
Batkhela	Main Bazar Batkhela	(0932)-414851-3	(0932)-414854	batkhela@bok.com.pk	No
Civil Sectarate	Police Lines Road, Peshawar	(091)9211710	(091)9212680	secretariate@bok.com.pk	Yes
Charsadda	Main Bazar, Mardan Road, Charsadda	(091)9220100-1	(091)9220102	charsadda@bok.com.pk	No
Chitral	Ataleeq Bazar, Chitral	(0943)414567, 412473, 414511	(0943)412220	chitral@bok.com.pk	No
Dikhan	Circular Road, D.I.Khan	(0966)718098, (0966)719017	(0966)718099	dikhan@bok.com.pk	Yes
Dikhan Islamic	Tank Adda, D.I.Khan	(0966)850724, (0966)850725, (0966)715531	(0966)850727	dikhan.islamic@bok.com.pk	No
Upper Dir	Main Bazaar, Upper Dir:	(0944)890021	(0944)890022	upperdir@bok.com.pk	No
GT Road	Ground Floor, Afandi Tower, Bilal Town, G.T. Road, Peshawar.	(091)2263409 to 414	(091)2263411	gtrd@bok.com.pk	Yes
Hangu	Opposite DCO Office, Main Bazar, Kohat Road, Hangu	(0925) 620744, 613394	(0925)623744	hangu@bok.com.pk	No
Haripur	Shahra-i-Hazara, Haripur	(0995) 610728, 616800	(0995)611285	haripur@bok.com.pk	Yes
Hattar	Khurshid Plaza, Industrial Estate Hattar, Distt. Haripur	(0995) 617231,	(0995)617631	hattar@bok.com.pk	Yes
Havellian	Property # 4242, Bank Square, Havellian	(0992) 810733	(0992) 810736	havellian@bok.com.pk	No
Hayatabad	Royal Plaza, Hayatabad, Bara Market, Jamrud Road, Peshawar.	(091) 5823711, 5829369-70	(091) 5815194	hayatabad@bok.com.pk	Yes
Hayatabad Phase 3 Chowk	Shop No.2, Saif Shopping Mall Phase III, Hayatabad Chowk Main Jamrud Peshawar	(091)5853283,5853284	(091) 5853285	Hayatabad.phase3@bok.com.pk	No
Hazara University (Booth)	Hazara University, Dadhial, Mansehra	(0997) 414016			No
Jamrud	Main Bazaar, (Next to Caltex Petrol Station), Jamrud, Khyber Agency.	(091)5830147, (091)5830148	(091) 5830149	jamrud@bok.com.pk	No



Branch Name	Address	Telephone Number	Fax Number	Email Address	ATM Status
KTH Peshawar (Sub-Branch)	Khyber Teaching Hospital, University Road, Peshawar	(091) 9218016,	(091) 9218016	pew9@bok.com.pk	No
Khyber Bazar	Balagh Hotel Khyber Bazar Peshawar	(091) 2569174 , 2593705	(091) 2211170	khyberbazar@bok.com.pk	No
Kohat	Cantonment Plaza, Bannu Road, Kohat	(0922) 9260146,	(0922) 9260156	kohat@bok.com.pk	Yes
Main	24-The Mall, Peshawar Cantt.	(091) 5278284, 5271758	(091) 5279791	main@bok.com.pk	Yes
Mansehra Branch	Opposite GTS Stand, Abbottabad Road, Mansehra City, Mansehra	(0997) 920181, 920183, 920184	(0997) 920182	mansehra@bok.com.pk	Yes
Mansehra (Sub-Branch)	Main Shakra-e-Resham, Near Government Commerce College, Opposite Attock Petrol Station, Mansehra	(0997) 303271 , 303273	(0997) 303272		No
Mardan	Opposite Cantonment Plaza, Shakra-e-Qazi Bashir, Mardan	(0937) 9230505, 9230707, 874899	(0937) 9230606	mardan@bok.com.pk	Yes
Branch Name	Address	Telephone Number	Fax Number	Email Address	ATM Status
Mingora	Makanbagh, Saidu Sharif Road, Mingora, Swat	(0946) 9240045-7	(0946)9240046	mingora@bok.com.pk	Yes
Nowshera	Saad Plaza, Saddar Bazar, Nowshera	(0923) 9220035, 9220038	(0923) 9220035	nowshera@bok.com.pk	Yes
North West Hospital, Hayatabad, Peshawar (Booth)	North West Hospital, Phase-V, Hayatabad, Peshawar.	(091)5822614-9(Ext-1950)	(091) 5822620		Yes
Saddar Road	Opposite G.P.O, Near Green Hotel, Saddar Road, Peshawar.	(091) 5276485, 5284686	(091)5277278	saddard@bok.com.pk	Yes
Tank	Adda Bazar, Tank	(0963) 510068	(0963) 510400	tank@bok.com.pk	No
Timergarah	Balambat Road, Timergara	(0945) 822090, 835218	(0945) 9250232	timergara@bok.com.pk	No
Thall	Al-Murtaza Market, Bannu Chowk, Main Bazar, Thall District Hangu	(0925) 510741, 511740, 511741	(0925)510740	thall@bok.com.pk	No
University of Science & Technology Bannu (Booth)	University of Science & Technology, Mirshah Road, Bannu	(0928)621123(Ext-05)			No
University Road	Ghaffar Plaza, Near Shiraz Restaurant, University Road, Peshawar	(091) 9216952, 9216951	(091)9216959	university@bok.com.pk	Yes

Branch Name	Address	Telephone Number	Fax Number	Email Address	ATM Status
City Branch	Tariq Sultan Building Hospital Road, Peshawar	(091) 2561511-13	(091) 2561511	citybr@bok.com.pk	No
Swabi Branch	Jamil Khan Market Mardan Road, Swabi	(0938) 222513	(0938) 222512	swabi@bok.com.pk	No
Sarai Naurang	Khasra No. 438, (Shaibzada Kabir Plaza), G.T. Road, Sarai Naurang, Lakki Marwat	(0969) 352963	(0969)352964	sarai.naurange@bok.com.pk	No
Sowari Buner	Nisar Market, Pir Baba Road, Swari Buner	(0939) 555279, (0939) 555289, (0939) 555249	(0939)555229	sowari.buner@bok.com.pk	No

Punjab

Chiniot Branch	12104/9423, Ehsan Plaza, Shahra-e-Quaid-e-Azam, Chiniot	(047) 6333393, 6333394	(047)6333397	chiniot@bok.com.pk	No
Faisalabad	Opposite M.C College Kotli Road Faisalabad	(041) 2412116-9	(041)2412120	faisalabad@bok.com.pk	Yes
Faisalabad	Ground & First Floor, Madina Tower, Sossan Road, Faisalabad.	(041)- 8556200 (041)-8556202	(041)-8556203	faisalabad2@bok.com.pk	No
Davis Road	Davis Hytes, 38 - Davis Road, Lahore.	(042) 36304873, (042) 111-95-95-95	(042)36307079	lahore2@bok.com.pk	No
Gujrat	Property No. 1157/527, Ground Floor, Empire Center, G.T. Road Gujrat.	(0533)-525555 (0533)-530380	(0533)-520370	gujrat@bok.com.pk	No
Gujranwala	Near General Bus Stand, G.T.Road, Gujranwala.	(055)3730916-18, 3820917	(055)3820918	gujranwala@bok.com.pk	No
Islamabad	38 - Zahoor Plaza, Blue Area, Islamabad	(051) 2824691, 2277397	(051)28253434	islamabad@bok.com.pk	Yes
Jhelum	225/226, Koh-i-Noor Plaza, Old GTS Road, Jhelum Cantt.	(0544)9270163-64-66	(0544)9270165	jhelum@bok.com.pk	No
M.M Alam Road	Gulberg -III M.M Alam Road Lahore	(042) 35785528-9	(042) 35785530	lahore@bok.com.pk	Yes
Rawalpindi	369-18, Zaman Centre Bank Road Rawalpindi	(051) 5120194-7	(051) 5120198	rawalpindi@bok.com.pk	Yes
Rawalpindi	Jinnah Road, Rawalpindi	(051) 5540486, 5540422	(051) 5540482	rawalpindi2@bok.com.pk	Yes
Lahore	M.A, Johar Town, Lahore	(042) 35316744-45	(042) 35316746	Lahore3@bok.com.pk	Yes
Shah Alam (Sub-Branch)	Shop #E/36, Alamgir Market, Inside Shan Alam Gate, Lahore.	(042) 37641834-5	(042)37641837	lahore4@bok.com.pk	Yes
Sahiwal Branch	272/B-2, High Street, Sahiwal.	(040) 4222404, 4222448	(040)4222403	sahiwal@bok.com.pk	No



Branch Name	Address	Telephone Number	Fax Number	Email Address	ATM Status
Sargodha	63/5/2/1 VIP Complex, Niazi Square, Club Road, Sargodha.	(048) 3740893, 3740894, 3740895	(048)3740891	sargodha@bok.com.pk	No
Sialkot	Industrial Area Shahabpura, Ugoki Road, Opposite Masjid Mohajirin, Sialkot	(052) 3559225-27	(052)3559224	sialkot@bok.com.pk	Yes
Multan	Lower Ground Khan Centre, Main Market Abdali Road, Multan	(061) 4545141-42	(061) 4545143	multan@bok.com.pk	Yes
Sindh					
Sohrab Goth Branch	Superhighway, Karachi	(021) 36830070, 36830072.	(021)36830067	karachi4@bok.com.pk	No
Clifton Karachi	Garnet Centre, khayaban-e-Jami, Clifton Block-8, Karachi.	(021)35296293-95	(021)35296291	clifton.karachi@bok.com.pk	No
Hyderabad	Commercial Plot # 112, Truck Stand, Hala Naka Hyderabad	(022)2032577, (022)20325-78, (022)2032579	(022)2032580	hyderabad@bok.com.pk	No
Shahrah-e-Faisal	White house plaza, 15-A, Block-6, P.E.C.H.S Opp Fortune centre, Shahrah-e-faisal Karachi	(021) 34389031-3 34389036-8	(021) 34389039	karachi1@bok.com.pk	Yes
S.I.T.E	B-78 Allied Plaza Estate Avenue Karachi	(021) 32565102-4, 32570832, 32550211	(021)32565105	karachi3@bok.com.pk	Yes
Shireen Jinnah Colony	Clifton, Shireen Jinnah Colony, Karachi	(021)35873264-66	(021)35873267	karachi5@bok.com.pk	Yes
Karachi Stock Exchange	Karachi Stock Exchange, Karachi.	(021)32465807, 32465804, 32465806	(021)32465805	karachi6@bok.com.pk	No
Metroville (Sub Branch)	Plot No. E-5, Block-I, KDA Scheme, Project# 1, Metroville, S.I.T.E Karachi.	(021)36754233, (021)36754325	(021)36754234	karachi.metroville@bok.com.pk	No
Baluchistan					
Quetta	Jinnah Road, Quetta	(081) 2822141, 2843203	(081)2829469	quetta@bok.com.pk	Yes
Chaman	Trunch Road, Chaman.	(0826) 614027, 614012	(0826) 614014	chaman@bok.com.pk	No
Azad Kashmir					
Muzaffarabad	Secretariat Road, Muzaffarabad, AJ & K	(05822) 920492	(05822)920499	muzaffarabad@bok.com.pk	No
Mirpur	Plot No.3, Sector B/3, Allama Iqbal Road, Mirpur, AJ & K	(05827) 447687	(05827) 447685	mirpur@bok.com.pk	No

Foreign Correspondent Banks

AFGHANISTAN

HABIB BANK LIMITED

ARGENTINA

DEUTSCHE BANK SA
THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.,

AUSTRALIA

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED
MIZUHO CORPORATE BANK, LTD. SYDNEY BRANCH

AUSTRIA

INTESA SANPAOLO S.P.A. (FORMER SANPAOLO IMI),
VIENNA BRANCH, VIENNA
UNICREDIT BANK AUSTRIA AG

BAHRAIN

HABIB BANK LTD.
WOORI BANK, MANAMA
ARAB INVESTMENT COMPANY, THE
UNITED BANK LIMITED
BANK OF TOKYO-MITSUBISHI UFJ, LTD., THE

BANGLADESH

WOORI BANK, DHAKA
SOCIAL ISLAMI BANK LIMITED

BELGIUM

THE BANK OF NEW YORK MELLON,
BRUSSELS BRANCH
HABIB BANK LTD
FORTIS BANK S.A./N.V. BRUSSELS
COMMERZBANK AG, THE, BRUSSELS BRANCH

BRAZIL

DEUTSCHE BANK S.A. - BANCO ALEMAO

CANADA

DEUTSCHE BANK AG, CANADA BRANCH
HABIB CANADIAN BANK

CAYMAN ISLAND

COMMERZBANK AG, CAYMAN ISLANDS BRANCH
AG DEUTSCHE BANK
DNB NOR BANK ASA, CAYMAN ISLAND BRANCH
NORDEA BANK FINLAND PLC

CHILE

DEUTSCHE BANK (CHILE) S.A.
THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.,

CHINA

AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED, SHANGHAI BRANCH
INTESA SANPAOLO SPA SHANGHAI
BANK OF TOKYO-MITSUBISHI UFJ (CHINA), LTD.
UNICREDIT SPA-SHANGHAI BRANCH
CHINA CITIC BANK
COMMERZBANK AG
DNB NOR BANK ASA
EXPORT-IMPORT BANK OF CHINA, THE
WOORI BANK (CHINA) LIMITED
THE BANK OF NEW YORK MELLON, SHANGHAI
BRANCH
JINAN CITY COMMERCIAL BANK
MIZUHO CORPORATE BANK (CHINA), LTD.
ZHEJIANG NANXUN RURAL COOPERATIVE BANK
WACHOVIA BANK, NA
JIANGSU WUJIN RURAL COMMERCIAL BANK CO., LTD
YANTAI CITY COMMERCIAL BANK
ZHEJIANG TAILONG COMMERCIAL BANK
THE BANK OF CHINA
ZHEJIANG XIAOSHAN RURAL COOPERATIVE BANK

COOK ISLANDS

AUSTRALIA AND NEW ZEALAND BANKING GROUP
LTD.

CZECH REPUBLIC

UNICREDIT BANK CZECH REPUBLIC, A.S.
COMMERZBANK AG

DENMARK

DANSKE BANK A/S
DEUTSCHE BANK AG
DNB NOR BANK ASA, FILIAL DANMARK



NORDEA INVESTMENT MANAGEMENT A/S
SPAREKASSEN SJAELLAND

EGYPT

MASHREQ BANK

ESTONIA

NORDEA BANK FINLAND PLC ESTONIA BRANCH

FIJI

AUSTRALIA AND NEW ZEALAND BANKING GROUP
LIMITED

FINLAND

DANSKE BANK
DNB NOR BANK ASA, FILIAL FINLAND
NORDEA BANK FINLAND PLC

FRANCE

BANCA INTESA FRANCE
COMMERZBANK AG
CREDIT MUTUEL
HABIB BANK LIMITED
MIZUHO CORPORATE BANK LTD. PARIS BRANCH
(FORMERLY THE FUJI BANK LTD. PARIS BRANCH)
UNION DE BANQUES ARABES ET FRANCAISES
UNICREDITO ITALIANO SPA - SUCCURSALE DE PARIS

GERMANY

COMMERZBANK AG
DNB NOR BANK ASA, FILIALE DEUTSCHLAND
AUSTRALIA AND NEW ZEALAND BANKING GROUP
LTD. FRANKFURT
BANCO DE ANDALUCIA
INTESA SANPAOLO S.P.A.-FRANKFURT
BANCO DE ANDALUCIA
DANSKE BANK
DEUTSCHE BANK AG
THE BANK OF NEW YORK MELLON, FRANKFURT
BRANCH
NORDEA BANK FINLAND PLC NIEDERLASSUNG
DEUTSCHLAND
NORDDEUTSCHE LANDESBANK GIROZENTRALE
SHINHAN BANK EUROPE GMBH

NORDEA BANK FINLAND PLC NIEDERLASSUNG
DEUTSCHLAND

GREECE

INTESA SANPAOLO S.P.A.
ATTICA BANK SA

HONG KONG

INTESA SANPAOLO SPA HONG KONG
HABIB FINANCE INTERNATIONAL LIMITED
WOORI BANK, HONG KONG
THE BANK OF NEW YORK MELLON, HONG KONG
BRANCH
MIZUHO CORPORATE BANK LTD. HONG KONG
BRANCH
MASHREQBANK PSC., HONG KONG BRANCH
UBAF (HONG KONG) LIMITED
COMMERZBANK AG

HUNGARY

COMMERZBANK (BUDAPEST) RT.

INDIA

AMERICAN EXPRESS BANK LTD.
MIZUHO CORPORATE BANK LTD
BANK OF TOKYO-MITSUBISHI UFJ, LTD., THE
MASHREQ BANK

INDONESIA

ANZ PANIN BANK, P.T.
BANK OF TOKYO-MITSUBISHI UFJ, LTD., THE
WOORI BANK, INDONESIA P.T. JAKARTA
PAN INDONESIA BANK PT.

IRAN

EXPORT DEVELOPMENT BANK OF IRAN

IRELAND

INTESA SANPAOLO BANK IRELAND PLC
COMMERZBANK EUROPE (IRELAND)
NATIONAL IRISH BANK (PART OF DANSKE BANK
GROUP)

ITALY

BANCA CIS SPA
INTESA SANPAOLO SPA
COMMERZBANK AG
UNIONE DI BANCHE ITALIANE S.C.P.A.(FORMERLY
BANCA LOMBARDA E PIEMONTESE)
UNICREDIT BANCA DI ROMA S.P.A.
BANK OF TOKYO-MITSUBISHI UFJ, LTD., THE
BANCA DELL'ADRIATICO SPA
BANCO DI NAPOLI SPA
THE BANK OF NEW YORK(LUXEMBOURG) S.A.,
MILAN BRANCH
MIZUHO CORPORATE BANK, LTD. MILAN BRANCH
BANCA UBAE SPA
UNICREDIT BANCA SPA
UNICREDIT PRIVATE BANKING SPA
UNICREDIT CORPORATE BANKING SPA
UNICREDIT S.P.A.
CASSA DEI RISPARMI DI FORLI' E DELLA ROMAGNA
SPA

JAPAN

AMERICAN EXPRESS BANK LTD
INTESA SANPAOLO SPA TOKYO
WOORI BANK, TOKYO
THE BANK OF NEW YORK MELLON, TOKYO BRANCH
MIZUHO CORPORATE BANK, LTD.
NATIONAL BANK OF PAKISTAN TOKYO JAPAN
WACHOVIA BANK, NA
BANK OF TOKYO-MITSUBISHI UFJ, LTD., THE
COMMERZBANK AG TOKYO
U.B.A.F. - UNION DE BANQUES ARABES ET
FRANCAISES TOKYO BRANCH

JORDAN

HSBC BANK MIDDLE EAST

KENYA

HABIB BANK LIMITED

KOREA

KOOKMIN BANK

WOORI BANK, SEOUL
THE BANK OF NEW YORK MELLON, SEOUL BRANCH
KOREA EXCHANGE BANK
MIZUHO CORPORATE BANK, LTD., SEOUL BRANCH
(FORMERLY THE DAI-ICHI KANGYO BANK, LTD.,
SEOUL BRANCH)
NATIONAL BANK OF PAKISTAN, SEOUL BRANCH
KOREA
SUHYUP BANK (FORMERLY NATIONAL
FEDERATION OF FISHERIES COOPERATIVES)
WACHOVIA BANK, NA
PUSAN BANK
SHINHAN BANK
HSBC BANK MIDDLE EAST
AUSTRALIA AND NEW ZEALAND BANKING GROUP
LIMITED
BANK OF TOKYO-MITSUBISHI UFJ, LTD., THE
U.B.A.F.-UNION DE BANQUES ARABES ET
FRANCAISES
INDUSTRIAL BANK OF KOREA

KUWAIT

HSBC BANK MIDDLE EAST

KYRGYZSTAN

NATIONAL BANK OF PAKISTAN BISHKEK BRANCH

LATVIA

NORDEA BANK FINLAND PLC LATVIA BRANCH

LEBANON

HABIB BANK LIMITED

LITHUANIA

NORDEA BANK FINLAND PLC LITHUANIA BRANCH

LUXEMBOURG

AMERICAN EXPRESS FINANCIAL SERVICES
(LUXEMBOURG) S.A.
COMINVEST ASSET MANAGEMENT S.A.
DANSKE BANK INTERNATIONAL S.A.
BANK OF NEW YORK (LUXEMBOURG) S.A., THE
COMMERZBANK AG



NORDEA BANK S.A. LUXEMBOURG

MALAYSIA

CITIBANK BERHAD
MIZUHO CORPORATE BANK, LTD., LABUAN BRANCH

MAURITIUS

BANK OF BARODA
MAURITIUS COMMERCIAL BANK LTD., THE

MONACO

BANQUE J. SAFRA (MONACO)
NETHERLANDS
BANK NAME
INTESA SANPAOLO S.P.A. (FORMER SANPAOLO IMI),
AMSTERDAM BRANCH, AMSTERDAM
COMMERZBANK AG
HABIB BANK LTD.
ING BANK N.V.

NEW ZEALAND

ANZ NATIONAL BANK LIMITED
(FORMERLY KNOWN AS: ANZ BANKING GROUP
(NEW ZEALAND) LTD)

NORWAY

FOKUS BANK, PART OF DANSKE BANK GROUP
NORDEA BANK NORGE ASA
DNB NOR BANK ASA

OMAN

BANK NAME
BANK SOHAR
HABIB BANK OMAN
OMAN INTERNATIONAL BANK S.A.O.G.

PAPUA NEW GUINEA

AUSTRALIA AND NEW ZEALAND
BANKING GROUP (PNG) LTD.

PHILIPPINES

MIZUHO CORPORATE BANK, LTD., MANILA BRANCH
ASIAN DEVELOPMENT BANK

AUSTRALIA AND NEW ZEALAND BANKING GROUP
LIMITED
BANK OF TOKYO-MITSUBISHI UFJ, LTD., THE

POLAND

DANSKE BANK A/S S.A. ODZIAL W POLSCE
NORDEA BANK POLSKA S.A.

QATAR

DOHA BANK
MASHREQ BANK
UNITED BANK LIMITED, DOHA

ROMANIA

UNICREDIT TIRIAC BANK SA
LA CAIXA, SUCURSALA ROMANIA

RUSSIA

WOORI BANK MOSCOW
URALSIB-YUG BANK
BANCA INTESA ZAO MOSCOW
COMMERZBANK
ZAO DANSKE BANK

SAMOA

ANZ BANK (SAMOA) LTD
SAUDI ARABIA
NATIONAL COMMERCIAL BANK
SAUDI HOLLANDI BANK
NATIONAL BANK OF PAKISTAN
SAMPATH BANK PLC-COMPANY NO. PQ 144

SERBIA

UNICREDIT BANK SRBIJA A.D.

SINGAPORE

BANK MANDIRI (PERSERO) PT
INTESA SANPAOLO S.P.A. (FORMER SANPAOLO IMI),
SINGAPORE BRANCH, SINGAPORE
BANK OF TOKYO-MITSUBISHI UFJ, LTD., THE
COMMERZBANK AG, SINGAPORE BRANCH
DNB NOR BANK ASA, SINGAPORE BRANCH
HSH NORDBANK AG (FORMERLY HAMBURGISCHE

LANDES
BANK GIROZENTRALE SINGAPORE BRANCH)
WOORI BANK, SINGAPORE
THE BANK OF NEW YORK MELLON, SINGAPORE
BRANCH
MIZUHO CORPORATE BANK LTD. SINGAPORE
BRANCH
NORDEA BANK FINLAND PLC, SINGAPORE
(FORMERLY MERITA BANK PLC, SINGAPORE)
SHINHAN BANK, SINGAPORE BRANCH
U.B.A.F. - UNION DE BANQUES ARABES ET
FRANCAISES
AUSTRALIA AND NEW ZEALAND BANKING GROUP
LIMITED
HABIB BANK LIMITED

SLOVAKIA
COMMERZBANK AG

SLOVENIA
UNICREDIT BANKA SLOVENIJA D.D.

SOLOMON ISLANDS
AUSTRALIA AND NEW ZEALAND BANKING GROUP
LIMITED

SOUTH AFRICA
HBZ BANK LIMITED

SPAIN
COMMERZBANK AG
CAIXA D'ESTALVIS I PENSIONES DE BARCELONA
(LA CAIXA)-CAJA DE AHORROS Y PENSIONES DE
BARCELONA
BANCO DE CREDITO BALEAR
BANCA DI ROMA, S.P.A. - SUCURSAL EN ESPANA
BANCO DE VASCONIA S.A.
BANCO DE CREDITO BALEAR
BANCO DE ANDALUCIA
INTESA SANPAOLO S.P.A. (FORMER SANPAOLO IMI),
MADRID BRANCH, MADRID
CAJA DE AHORROS DE GALICIA
BANCO POPULAR ESPANOL, S.A.

BANCO DE VASCONIA S.A.
SRI LANKA
HABIB BANK LTD.
SAMPATH BANK PLC-COMPANY NO. PQ 144

SWEDEN
DANSKE BANK AS, SVERIGE FILIAL
SKANDIA KAPITALFORVALTRING AB
DNB NOR BANK ASA, FILIAL SVERIGE
NORDEA BANK AB (PUBL)

SWITZERLAND
BANQUE JACOB SAFRA (SUISSE) S.A.
HABIB BANK AG ZURICH
UNITED BANK A.G., ZURICH

TAIWAN
AMERICAN EXPRESS BANK LIMITED
THE BANK OF NEW YORK MELLON, TAIPEI BRANCH
MIZUHO CORPORATE BANK, LTD., TAIPEI BRANCH
(FORMERLY THE DAI-ICHI KANGYO BANK, LTD.,
TAIPEI BRANCH)
WELLS FARGO BANK, N.A., TAIPEI BRANCH
BANK OF TOKYO-MITSUBISHI
AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED, TAIPEI BRANCH

THAILAND
MIZUHO CORPORATE BANK, LTD., BANGKOK
BRANCH
(FORMERLY THE DAI-ICHI KANGYO BANK, LTD.,
BANGKOK BRANCH)
BANK OF TOKYO-MITSUBISHI UFJ, LTD., THE

TIMOR-LESTE
AUSTRALIA AND NEW ZEALAND BANKING GROUP
LTD

TONGA
ANZ BANKING GROUP LIMITED

TURKEY
HABIB BANK LTD.



UNITED ARAB EMIRATES

MASHREQ BANK PSC.
 HABIB BANK AG ZURICH
 HABIB BANK LIMITED
 UNITED BANK LTD.
 HSBC BANK MIDDLE EAST LIMITED

UNITED KINGDOM

JPMORGAN CHASE BANK, N.A.
 AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED
 INTESA SANPAOLO SPA LONDON
 (FORMERLY BANCA INTESA S.P.A. LONDON)
 BANK J. SAFRA (GIBRALTAR) LIMITED, LONDON BRANCH
 COMMERZBANK AG
 NORTHERN BANK (PART OF DANSKE BANK GROUP)
 DANSKE BANK
 DNB NOR BANK ASA, LONDON BRANCH
 HABIB-UK PLC
 HABIB BANK AG ZURICH
 HABIBSONS BANK LIMITED
 WOORI BANK, LONDON
 THE BANK OF NEW YORK MELLON
 LLOYDS TSB BANK PLC.
 MIZUHO CORPORATE BANK, LTD. LONDON BRANCH
 MASHREQ BANK PSC
 UNITED NATIONAL BANK
 NORDEA BANK FINLAND PLC LONDON BRANCH
 WELLS FARGO BANK, N.A., LONDON BRANCH
 SHINHAN BANK LONDON BRANCH

UNITED STATES

AUSTRALIA AND NEW ZEALAND BANKING GROUP LTD.
 WOORI AMERICA BANK, NEW YORK
 WOORI BANK, LOS ANGELES
 AUSTRALIA AND NEW ZEALAND BANKING GROUP LTD.
 INTESA SANPAOLO SPA (FORMERLY BANCA INTESA SPA NEW YORK)
 DEUTSCHE BANK TRUST COMPANY AMERICAS

BRANCH BANKING AND TRUST COMPANY
 JPMORGAN CHASE BANK, N.A.
 COMMERZBANK AG
 DEUTSCHE BANK AG
 DNB NOR BANK ASA, NEW YORK BRANCH
 DOHA BANK
 FIRST TENNESSEE BANK N.A.
 HABIB BANK LIMITED
 HABIB AMERICAN BANK
 WOORI BANK, NEW YORK
 WOORI AMERICA BANK, NEW YORK
 WOORI BANK, LOS ANGELES
 THE BANK OF NEW YORK MELLON
 METROBANK N.A.
 MIZUHO CORPORATE BANK LTD, NEW YORK BRANCH
 HSBC BANK USA, N.A.
 MASHREQBANK PSC., NEW YORK BRANCH
 NORDEA BANK FINLAND PLC, NEW YORK BRANCH
 WELLS FARGO BANK, N.A.
 WELLS FARGO BANK, N.A.
 WELLS FARGO BANK, N.A.
 WELLS FARGO BANK, N.A.
 RABOBANK NEDERLAND
 SCUDDER KEMPER INVESTMENTS, INC.
 GOLDEN BANK, NATIONAL ASSOCIATION
 (FORMERLY TEXAS FIRST NATIONAL BANK)
 UNITED BANK LTD.

VANUATU

ANZ BANK (VANUATU) LTD

VIETNAM

MIZUHO CORPORATE BANK LTD
 WOORI BANK, HANOI
 SHINHAN BANK, HO CHI MINH BRANCH
 AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

Form of Proxy

Folio No. _____ CDC Participant Identity Card No. _____ CDC A/C No. _____

I/We _____ of _____ a member / members of The Bank of Khyber, and holder of _____ shares do hereby appoint _____ of _____ or failing him / her _____ of _____ who is also a member of the Company, vide Registered Folio No. _____ as my/our proxy to attend, speak and vote for me/us and on my/our behalf at the 21st Annual General Meeting of the Bank to be held on Friday, March 30, 2012 at 10:00 am at The Bank of Khyber, Head Office, 24-The Mall, Peshawar Cantt. and at any adjournment thereof. As witness my/our hand this _____ day of _____ 2012.

Signature on
Five-Rupees
Revenue Stamp

Dated:

Place:

Notes

The Signature should
agree with the
Specimen registered
with the Bank

A. General

1. A member entitled to attend and vote at a General Meeting is entitled to appoint a proxy to attend and vote instead him/her. No person shall act as a proxy, who is not a member of the bank except that Government of Pakistan/Provincial Government/State Bank of Pakistan/ Corporation may appoint a person who is not a member.
2. The instrument appointing a proxy should be signed by the member or his/her attorney duly authorized in writing. If the member is a corporation (other than Government of Pakistan and State Bank of Pakistan), its common seal should be affixed on the instrument.
3. The instrument appointing a proxy, together with the Power of Attorney, if any, under which it is signed or a nationally certified copy thereof, should be deposited, with our Registrar/Transfer Agents, Messrs THK Associates (Pvt) Ltd. Ground Floor, State Life Building No.3, Dr. Ziauddin Ahmed Road, Karachi 75530 Pakistan, not less than 48 hours before the time of holding meeting.
4. If a member appoints more than one proxy, and more than one instrument of proxy are deposited by a member with the Bank, all such instruments of proxy shall be rendered invalid.

B. For CDC Account Holders

1. The proxy form shall be witnessed by two persons whose names, addresses and CNIC number shall be mentioned on the form.
2. Attested copies of CNIC or the passport of the beneficial owners and proxy shall be furnished with the proxy form.
3. The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
4. In case of Government of Pakistan/Provincial Government/State Bank of Pakistan/Corporate entity, the Board of Director's resolution/power of attorney with specimen signature shall be submitted along with proxy to the Bank.





The Bank of Khyber



24, The Mall, Peshawar Cantt, Pakistan.



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info@bok.com.pk



www.bok.com.pk